



## Immigrants in or out?

### Knock knock knocking on Europe's door

Page 3

## The bells are ringing

### BT and MCI make a telecoms alliance

Page 17

## UK property revival

### George Soros adds his golden touch

Page 15



## South Korea

### The economy wilts as democracy blossoms

Page 25-29

# FINANCIAL TIMES

Europe's Business Newspaper

THURSDAY JUNE 3 1993

D652KA

## Car bomb found in Rome near prime minister's office

Rome police defused a car bomb placed in a narrow street within 200 yards of the prime minister's office and parliament. The incident comes after the explosion of two car bombs in Rome and Florence and has increased pressure on the authorities to pinpoint those behind the campaign. The previous bombs have been blamed on the Mafia, but there is suspicion that elements of the security services are involved. Page 2

## Schlesinger fears for single currency

Helmut Schlesinger (left), president of the Bundesbank, said the introduction of a single European currency by 1997 was "increasingly improbable". He added that changes within the EMS had been a process of correcting unrealistic exchange rates - in particular those of sterling, the lira, peseta and escudo - and not "competitive devaluation". Page 16

## Metallgesellschaft, metals-based German conglomerate, reported a 39 per cent fall in half-year pre-tax profits

to DM98.3m (\$60m) despite a 17 per cent surge in sales. Page 17

## Payments delayed: More than 60 per cent of UK construction contracts are subject to late payment according to a report. Late payment has been cited as a main cause of business failures.

Page 9

## US house sales rise: Sales of new homes in the US rose 2.7 per cent between March and April to an annual rate of 751,000, the highest level since the mid-1980s, the US Commerce Department reported.

Page 6

## Fury over Serb beatings: Leaders of Serbia's democratic opposition denounced President Slobodan Milosevic's government and condemned the arrest and beating of more than 20 journalists and opposition politicians.

Page 2

## Burundi winner: Burundi's military leader, Jean Pierre Buyoya, was unexpectedly beaten in the country's first democratic election by Melchior Ndadaye of the majority Hutu tribe, according to provisional results.

Page 4

## Winnie Mandela avoids jail: South Africa's appeal court set aside a six-year jail term for Winnie Mandela, estranged wife of ANC leader Nelson Mandela, on kidnapping and assault charges.

Page 4

## Uster killings: A Roman Catholic lorry driver was shot dead near Comer, County Down. He was the 31st person to be murdered this year as a result of terrorism in Ulster.

Page 17

## Lift crash kills 10: A workers' lift plunged 20 floors at a Hong Kong building site, killing 10 men in the cage.

Page 10

## Dentsu, Japan's largest advertising agency, reported a 53.9 per cent fall in non-consolidated pre-tax annual profits to ¥15.7bn (\$127m) because of reduced spending by clients hit by the country's economic downturn.

Page 20

## Tourism thrivings: The UK tourist industry had its best-ever first quarter, with 3.6m visitors entering the country.

Page 9

## Siebe raises profits: Cost cutting enabled Siebe, UK-based international engineering systems and controls group, to raise annual pre-tax profits 9 per cent to £185.1m. (\$265m)

Page 23; Lex, Page 22

## Accor, French hotel, catering and tourism group, wants to merge its luxury Sofitel establishments with the Meridien chain, in which Air France has a majority stake.

Page 17

## Insurance group's profit out: A decline in fee income from its Lloyd's agencies cut interim pre-tax profit at Sturge Holdings to £235,000 (\$300,500) from £2.58m. Page 24

## Hallmarks at risk: The 900-year tradition of using crowns, anchors, lions, roses and castles to guarantee the quality of British gold and silver is feared to be under threat from the European Commission.

Page 8

## Favourite flops: The £750,000 Ever Ready Derby, British's premier flat race, was won by Prince Khalid Abdullah's Commander in Chief at 15-2. The event was attended by Queen Elizabeth. Day passes were sold out. Page 9; Observer, Page 15

Page 15

# MCI, BT to set up \$1bn joint venture

## British and US groups bid for global telecom market

By Andrew Adonis in London and Nikki Tait in New York

BRITISH Telecom and MCI of the US yesterday made a bold bid for leadership of the international telecommunications industry. BT is to take a \$4.3bn stake in MCI, the second largest US carrier, and set up a \$1bn joint venture with it.

BT will take 20 per cent of MCI and put up three-quarters of the capital for the joint venture, which is designed to exploit the fast-growing market among multinational companies for international voice and data transmission services.

The moves will not delay the sale of the UK government's remaining tranche of BT shares, the prospectus for which will be issued at the end of this month as previously planned.

Coming a week after American Telephone & Telegraph, the largest US carrier, launched its Worldsource venture to pioneer the global market, the new alliance will intensify the battle between AT&T on one side and BT and MCI on the other for international custom, and could reduce significantly the cost of transatlantic calls.

Mr Iain Vallance, BT's chairman, said the investment and joint venture lay at the centre of the company's strategy "to become a leading global provider to multinationals".

Under the deal, BT will put up \$300m immediately, the balance will come from cash and borrowings, offset by the \$1.8bn BT expects to receive in this financial year from the sale to AT&T of McCar, its US cellular telephone subsidiary. BT will gain three directors on the MCI board; the chairman of MCI, Mr Bert

Roberts, will join the BT board. BT is paying an average of \$64 a share for its MCI stake, a premium on the \$52 closing price on Tuesday. As part of the deal, MCI is taking over most of BT's North American assets.

The joint venture, to be located in either Washington or London, will eventually subsume Synchronia, BT's US-based global out-

Page 17

■ Ringing the changes in telecoms

■ Editorial Comment Page 15

■ Lex Page 16

sourcing operation. Apart from attracting business, the it will undertake research and development for the two companies, providing a "global platform" for value-added services like frame relay and outsourcing.

Mr Roberts said the alliance was "indicative of future opportunities" in the telecommunications industry, and would help MCI to continue its growth in the US domestic market while competing on the world market.

Both companies stressed the link-up would not affect existing relationships with other international carriers, and made light of potential regulatory hurdles. "We don't expect a regulatory problem," Mr Roberts said. US regulations limit foreign ownership of a US carrier to 25 per cent.

Talks between the two companies, which already have close commercial links, have been progressing for several years. "BT thought they could conquer the US," MCI thought it could conquer the world," said Mr Roberts.

## Tear gas fired on Belgrade protest



A man takes cover from tear gas hurled by Belgrade police in front of the former Yugoslavia's parliament building. Opposition leaders expressed anger at the violence with which police broke up a demonstration against the removal of federal president Dobrica Cosic. Fury over beatings, Page 2

## EC to look for international links behind racist attacks

By David Gardner in Copenhagen

THE European Community is to investigate whether the recent spate of racist attacks on foreigners across Europe is being fomented by groups organised across national borders.

Spurred by the arson attack at Solingen in Germany, and Tuesday's burning of a Turkish-owned electronics factory near Lyons in France, EC interior ministers meeting in Copenhagen yesterday set up a working party to find out whether the extreme right across Europe is co-ordinating an assault against immigrants.

"We cannot give in to a centuries-old virus that obviously isn't dead," said Ms Len Dales, the Dutch interior minister.

The decision came on the heels of an agreement by ministers to

crack down on illegal immigrants and asylum-seekers in the Community. It also coincided with further wrangling about the failure of all 12 EC states to implement the single market injunction to grant free movement of people in the EC.

The few officials at yesterday's meeting prepared to talk about the investigation were unsure whether there was concrete evidence to suggest an international grouping was organising pan-European racist attacks.

"The incidents are now so frequent that people fear there may be co-ordination," said one Dutch official. "We do not want to take the risk that it is co-ordinated," said Mr Erling Olsen, the Danish justice minister.

The initiative dovetails with an informal discussion held by interior ministers last month at Kold-

## Japan and Germany pressed to boost economies

By Peter Norman in Paris and Quentin Peel in Bonn

THE US yesterday renewed its pressure on Japan and Germany to boost their economies as a report from the Organisation for Economic Co-operation and Development said unemployment in the industrial world was reaching "alarming" levels.

Warning that "the world cannot depend on growth in the United States to pull it out of recession," Mr Lloyd Bentsen, the US Treasury secretary, urged Japan to increase its fiscal stimulus. He also called for "further substantial reductions" of European interest rates to promote faster growth.

This thinly veiled call on the Bundesbank to reduce its interest rates was backed by the European Commission. Mr Henning Christophersen, the commissioner for economic affairs, said that it was important to have further reductions in short and long term European rates. "Something has been done, but it is not enough," he said.

Speaking on the first day of the OECD's annual ministerial meeting in Paris, Mr Christophersen said the level of real interest rates was "still very high" in Europe. But the problem was not just confined to Germany. All European Community states could do more, he said.

However, there was little sign that either Germany or Japan would take note of these demands. Mr Günter Rexrodt, the German economics minister, made no mention of interest rates in his speech to the meeting. Instead, he painted a slightly more optimistic picture of economic trends than the OECD, claiming that Germany's economy would contract this year by 1 per cent compared with the OECD's latest forecast of a 1.9 per cent decline.

In Bonn, Mr Helmut Schlesinger, president of the Bundesbank, yesterday firmly rejected calls for swifter and more drastic cuts in German interest rates, but also left the way open

Continued on Page 16  
Europe tries to shut the floodgates, Page 3

Continued on Page 16  
West's farmers' subsidies, Page 7  
Single currency doubt, Page 16

## Scientists hot on trail of flu virus

By Clive Cookson, Science Editor, in London

SCIENCE may at last have outwitted the fast-changing influenza virus. Researchers at Monash University in Australia have designed a promising anti-flu drug that is now being developed by Glaxo, the UK pharmaceutical group.

First details of the drug, known by the code name GR121167X, are published today in the research journal Nature. Laboratory tests in cell cultures and on ferrets show that it has "potent anti-influenza activity" against different strains of the virus.

Human volunteers are expected to begin taking GR121167X - as a nasal spray - within a year. Clinical trials would then last three to five years before Glaxo could seek regulatory approval for the drug.

Influenza is one of the world's most serious infectious diseases, laying low millions of people and killing many thousands even in a non-epidemic year. The virus's extraordinary variability and speed of mutation is matched only by the AIDS virus, HIV.

This has so far prevented scientists developing a general-purpose flu drug. Flu vaccines are limited in their effectiveness and a different cocktail has to be injected every year, depending

on which strains are prevalent.

The Australian researchers tackled the problem by identifying an enzyme on the surface of the virus which does not vary between different strains. They then used computer modelling to design a drug that would fit into the enzyme molecule and stop it working.

"This is one of the very few examples so far where computing has been used right from the beginning of the drug discovery process," Glaxo says.

Other companies are investigating anti-flu drugs. Wellcome of the UK, for example, has an experimental compound aimed at a different enzyme, which would be taken by mouth.

But Dr Garry Taylor, a Bath University biochemist, says GR121167X seems to be the most promising so far. "though it is possible that drug-resistant forms of the virus could arise during the clinical trials".

At the same time, vaccine manufacturers such as Merieux of France are working to develop longer-lasting and more effective flu jabs.

Everyone's aim, says Dr Taylor, is to have an effective treatment ready when the next great pandemic strain of flu emerges. The Australian research suggests that science may get there in time.

## Soros deal excites UK property market

By Vanessa Houlder and Maggie Urry in London

THE PROPERTY sector on the London stock exchange was set alight yesterday when Mr George Soros, the international fund manager, announced plans to invest \$284m (\$435m) in the stricken UK property market.

Mr Soros, who is reputed to have made a £1bn profit betting on a devaluation of sterling last autumn and who in April this year excited gold bugs by investing \$400m in a mining company, is forming a £500m partnership with British Land, the UK's fourth largest property company, headed by Mr John Ritblat.

British Land and Quantum Group, a \$8bn investment management company advised by Mr Soros, will each put up £250m which will be used to buy a portfolio of properties. Quantum is also investing nearly £34m in British Land shares.

Yesterday's agreement by two such influential investors was seen in the stock market to underline recovery hopes in UK

Continued on Page 16  
Expensive gesture, Page 15  
Lex, Page 16  
British Land results, Page 22  
London shares, Page 31

"So it's devoid of all taste and colour and if you drink enough of it you fall down and hurt yourself.

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# Opportunities Flow from Project Development and Industrial Restructuring

## —IBJ in Tune with Europe

*With its long history as Japan's preeminent investment bank, the Industrial Bank of Japan has accumulated a broad base of skills respected by competitors worldwide. From leading Eurobond issues to project finance and direct investment advisory services, IBJ Group is a power in financial circles with few rivals.*



Yoh Kurosawa, President. "We value the long tradition of sharing the ups and downs with our clients."

The Industrial Bank of Japan, Ltd. (IBJ) is the best known of Japan's banks in the Euromarkets, where its underwriting strengths are well recognised. But that is only one facet—if the best known in Europe—of its diverse spread of activities.

Founded as a specialised financial institution to funnel long-term investment funds to industry, IBJ has developed as a classic investment bank, with a broad range of banking and key advisory skills.

Its skills in capital markets are well known, both within Japan and outside. And, with its founding charter, it played a key role in financing and shaping Japan's infrastructure for 90 years.

From financing power stations and steel plants, through to the latest hybrid Eurobond instruments, IBJ's skills are well honed and recognised.

IBJ is one of the very few banks worldwide which boasts an in-house engineering unit, which not only advises internally on financing projects under consideration, but also offers its services to clients for a range of areas from mining and chemical plant projects, through to long-running projects such as the second Panama Canal, which has been under consideration for more than a decade.

### IBJ and a Changing Europe

In Europe, IBJ is putting its range of skills to good use. It is well placed to participate in advising and funding large new infrastructural projects as they come forward over the balance of the decade—especially once the framework for activity in eastern Europe becomes more settled. The bank can assist similarly with the restructuring of industry in Europe as opportunities emerging in eastern Europe are capitalised upon.

IBJ has one key characteristic which sets it apart from its competitors in Japan—it is independent of the big business groupings which can often complicate trying to do business in Japan.

By not being a member of any group, IBJ has the much needed flexibility to strike up working relations with most of Japan's largest corporations. This gives it the ability to capitalise on opportunities as they emerge, ensuring that the client's needs and desires are fully catered to.

### IBJ Top-rated Japanese Bank in Client Services

IBJ's client companies comprise as much as 90 per cent of all companies listed on the first section of the Tokyo Stock Exchange. This highlights the uncommon breadth of its relationship networks among the major players in the Japanese economy.

At the same time, it is regularly rated the most highly respected of Japan's banks in an annual survey conducted by the Nihon Keizai Shimbun, the major business and finance newspaper in Japan.

IBJ has topped this poll of corporate Japan every year since the survey was launched more than five years ago. The poll rated IBJ far ahead of its closest rival, giving it top honors in such areas as securities-related activities, the depth of its advisory and consulting services to client companies, quality of personnel, organisational flexibility and financial know-how.

In the Euromarkets, for example, underwriting by the IBJ Group ranked 17th in 1991 and 12th in 1992—highest among Japanese banking groups.

Such a record stems from the Group's tremendous strength; IBJ Group can sell bonds to not only European investors, but also to institutional investors worldwide, in denominations of yen, dollars, Deutsche marks, ECU and other currencies.

In Japan, the financial system reforms slated for 1993 are expected to further consolidate the position of IBJ Group. "We have both the record and the strength," remarks Yoh Kurosawa, the bank's president, in this regard.

### Strong Links with European Clients

In the Euromarkets, very few of IBJ Group's deals are on behalf of domestic Japanese clients. Of deals done in 1992, for example, issues for the World Bank, the EIB, GECC, Ontario Hydro, Credito Italiano, the Bank of Greece and the like, were brought successfully to market.

That is the most quantifiable part of its activities in Europe.

IBJ played a key role in several recent successful M&A deals in Europe; for example, Mitsui O.S.K. Lines' acquisition of a 40 per cent interest in Norway's Gearbulk and Nippon Yusen's acquisition of a part of the UCI group.

Big project financing deals where IBJ brought both its technical and financial strengths to bear include Euro Disney and the various projects related to the development of North Sea oil.

IBJ has participated similarly in a number of privatisation deals, as governments worldwide have opted for the discipline of the marketplace to restructure their economies.

In Europe, for example, IBJ played a key role in assisting in the privatisation of the power sector, together with assisting with oil and gas projects in the North Sea.

In Europe, IBJ is aided by the fact that two of its key units—IBJ International, in London, and Industriebank von Japan (Deutschland), in Germany—have both been active in these markets for well over 20 years. No newcomer, the bank has working relations with top European institutions that extend back even further.

IBJ is active in working with not only local European groups but, when Japanese companies head offshore, IBJ is often there in the background, even if its role is rarely alluded to. In fact, more than 70 per cent of Japanese companies with manufacturing operations in Germany, France and the UK are IBJ clients.

### Strong Support of Japanese Offshore Investment

One of the biggest single Japanese corporate investments in Europe is Nissan's big Sunderland assembly plant in Britain. Here IBJ played the key role in assisting Nissan to finance the large investment.

This move by Nissan, along with those of other Japanese automakers, has attracted a stream of follow-on investment from many auto-parts makers, with IBJ also playing a key role not only in providing information on the investment climate to many of these companies, but in acting as advisor in formulating the most advantageous financing package in addition to providing regular banking services.

Illustrative of IBJ's activities in this area are the seminars it holds regularly

for clients on direct investment abroad, highlighting the prospects of a variety of investment alternatives, the impact of planned—and mooted—changes in government policy, and the general tenor of the investment climate.

While much of Japan's direct investment in Europe has been concentrated in the UK, especially in the auto sector, many Japanese companies have launched highly successful operations on the Continent and are surveying prospects in eastern Europe.

While the necessary physical infrastructure is sometimes lacking, the skills base and education standards in most of eastern Europe are very high.

"We must identify these positive elements and find industries to match these skills," says Kurosawa.

"This is the process we are engaged in at present. Some Japanese companies are finding a number of attractive opportunities on their own as well," he says. "It will take about one or two more years to lead to the conclusion of deals."

Here IBJ is helping to determine the

best partners and, when investment proposals proceed, to formulate the financing package. Ultimately, it will provide the operating finance.

For the bigger Japanese electronics groups, establishing sales networks is the first step, and they are now following this up by upgrading their customer-service networks.

The next step is to begin launching local assembly projects, but before that can occur, Kurosawa points out, the local infrastructure may need a little more time for upgrading.

### Restructuring Continues, M&A Re-emerging

After a big round of offshore investment in the 1980s, Japan's corporate sector has been consolidating for the past several years but may soon be ready to head abroad once more.

"Large M&A deals are not so active at present but there is a continued need to find buyers and sellers as industrial restructuring takes place. This need has not changed," IBJ's Kurosawa remarks.

Japanese companies are now used to M&A, with some good, and poor, deals consummated during the 1980s as they rushed to shift capacity abroad.

European companies, too, are warming to M&A as one of many techniques to foster growth as management approaches shift to reflect the business environment of the 1990s and beyond, especially as opportunities continue to emerge in the current phase of re-developing eastern Europe.

The need to restructure industry is ever-present, and with expansion opportunities in eastern Europe beckoning, M&A is certain to become a more commonly used business tool in Europe with IBJ likely to play a key advisory role, bringing opportunities in Europe to the attention of prospective buyers in Japan and elsewhere.

### Project Financing Skills

With growing investment opportunities expected to emerge in Europe over the balance of this decade, it is in Asia that IBJ has been able to demonstrate its strengths in a full array of activities. These include LNG-development projects in Malaysia and Australia, petrochemical refineries in China and Indonesia, gas export projects and city development projects in Indonesia and railway-electrification projects in New Zealand.

IBJ's long experience both in technically evaluating and funding big new investment projects puts it in good stead as planned developments move from the drawing board to reality in Europe.

Much of IBJ's activity in this field has been concentrated in Asia since this is where most of the big development projects of the postwar era have been located.

At the same time, the speed of new projects has quickened in line with the continued high level of growth in the Asian region.

Partly due to geographic proximity, Asia has been the first port of call when Japanese industry shifts capacity offshore. That is changing, partly reflecting the longer-term growth prospects in Europe.

### The Path to Growth: Open Trading Stance Plus IBJ Know-how

Establishing regional trading blocs may be a common topic of discussion in many business circles but, in IBJ's view, there is no quicker way of slowing world economic growth.

The 1980s was a period of sustained growth for much of the world economy, but the 1990s are proving to be more challenging.

Behind most of these calls for regional trading blocs is slower economic growth and the adverse effects of asset deflation, along with the continuing rapid pace of structural and technological change.

IBJ's view is that the complete dismantling of trading barriers is a primary step in laying the groundwork for achieving sustained world economic prosperity.

"Over the past decade, much of Asia has achieved real economic growth approaching ten per cent a year," says IBJ president Yoh Kurosawa. "But at the same time, in Europe it has been closer to one or two per cent."

"Of the North American, European and Asian regional trade groupings, only the Asian region is growing. Why? Because it has the strongest commitment to free trade, which underlies market efficiency and mutual economic growth."

"The NIEs of Asia reflect this commitment in their trade and investment policy," says Kurosawa. "ASEAN, too, is fairly open, and has benefited from technical transfers. Also, the political environment in the region is basically favourable to trade."

"But in European countries, trade policy acts to restrict their industries, sometimes making it difficult for them to achieve their growth potential."

The ongoing debate in Europe and elsewhere over trading blocs is a natural response to the impact of the collapse of Comecon, which in a stroke wiped out many of the trade and economic rigidities of eastern Europe.

Laying the groundwork for new growth is not a simple matter.

"Regional development takes time," Kurosawa says. "The Japanese time frame recognises one must walk before one can run."

"European companies should not be too hasty in judging the progress of their programs and partnerships. As is often done in Asia, commitments and targets should first be fixed and then the details worked out among the parties along the way."

IBJ, which has put down firm international roots throughout Europe, the US and Asia, is well positioned to assist in this process.

With its broad mix of investment banking skills, IBJ brings a fresh point of view to the European table when looking at solving problems.

An abundance of experience, amassed both at home in helping to build the foundations of the modern Japanese economy, and offshore—from capital markets to project financing and venture capital—suggests the range of skills IBJ can bring into play.

IBJ's skills will prove useful in

industrial restructuring and project development in Europe and in European offshore investment in Japan, including M&A.

The most successful cases of foreign investment in Japan have all conspicuously taken place with a Japanese partner. IBJ has achieved excellent results in identifying potential business partners in Japan and carrying deals through to conclusion. While this process often takes time, IBJ has demonstrated its patience, skills and practicality in this field for several years.

With the big increase in the number of foreign companies shopping around for investment targets in Japan, the number of purchases of Japanese companies by foreign buyers trebled in 1992.

IBJ is an advisor to foreign companies buying into the Japanese market. Recent changes in the Japanese environment have made outright purchase a realistic business option.

IBJ should thus be viewed as an experienced and uniquely equipped facilitator: with a full shop of financial engineering techniques and expertise. This enables IBJ to utilise its wide range of networks and relationships firmly founded on Japanese industrial activities in ways that can help vitalise the elements necessary for economic growth.

In short, IBJ is a bank that in every way lives up to its unofficial slogan, "Your resourceful bank."

# IBJ

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terday, writes  
Trade Editor.

The Paris-based OECD was one of the first international organisations to sound the alarm about rising unemployment. It has taken a year to produce a 30-page interim report on the subject. The fact that another year's work is planned shows how intractable a problem unemployment has become in the industrialised world.

It describes a big growth in subsistence farming on inefficient small farms as unemployment soars. At the same time, severe drought across parts of central and eastern Europe in 1992 damaged farm output. Grain production fell by 10 per cent from 1991 to 58m tonnes.

the "competitive subsidisation" of farm exports by the US and the EC, it said these subsidies "have changed the structure of the world market, have resulted in significantly lower world prices, and reduced production incentives for farmers in non-subsidising countries".

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## NEWS: UK

# Doubt cast on upturn by weak cash figures

By Emma Tucker and James Siltz

A SHARP drop in the growth of cash in circulation last month has cast fresh doubt on the strength of UK economic recovery and raised expectations of another cut in interest rates.

Bank of England figures yesterday showed that M0, the narrow measure of the money supply - mainly notes and coins in circulation - grew a seasonally adjusted 3.3 per cent in the year to May, compared with growth of 4.8 per cent in the year to April.

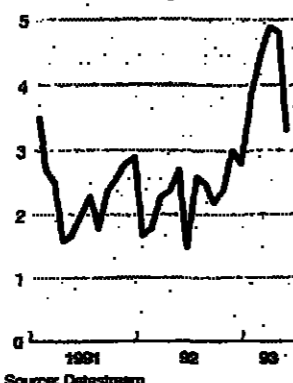
The slow down in the annual rate of growth pointed towards a weakening in consumer spending and a slow and patchy recovery for the UK.

The pound continued to weaken against the D-Mark on the foreign exchanges, as the market took the view that Mr Kenneth Clarke, the new chancellor of the exchequer, would cut interest rates. Sterling closed at DM2.4625, down 1/2 of a penny on the day. It closed 1 cent down against the dollar at \$1.5410.

The UK stock market was also buoyed by speculation of another easing in monetary

UK money supply (M0)

Annual % change



policy. The FT-SE 100 index of leading industrial shares closed at 2,863, up 13.8 points on the day.

Compared with April, M0 fell by 1.1 per cent, the sharpest monthly fall for over 10 years. The fall took the annual growth rate of M0 back within the government's monitor range of 0.4 per cent for the first time since January.

The provisional figures were the latest in a string of indicators pointing towards a bumpy UK recovery.

As a fairly good indicator of

the pace of consumer spending, the latest drop in M0 suggests that there was some weakening in retail activity in May after strong first quarter growth.

"It is very clear taking the April and May figures together that the trend in M0 is now downwards," said Mr Simon Briscoe, UK economist at Midland Global Markets.

The sharp drop in M0 in May was exaggerated by low bank operational deposits - accounts held by commercial banks for clearing purposes at the Bank of England. However, these account for only 1 per cent of total M0. Last month's figure was also depressed by an upward blip to M0 recorded in May last year. It may also have been affected by the two bank holidays in May, when traditionally spending patterns alter.

The Bank of England also released final money supply figures for April. These confirmed that growth in broad money has remained depressed in recent months. In the year to April M4 - M0 plus bank deposits - grew a seasonally adjusted 3.5 per cent, compared with 3.6 per cent in the year to March.

# Nissan chief joins executive of trade body

By Kevin Done, Motor Industry Correspondent

MR IAN Gibson, chief executive of Nissan Motor Manufacturing (UK), is to join the executive committee of the Society of Motor Manufacturers and Traders (SMMT), the main UK motor industry trade association.

The move paves the way for his possible election to become president of the SMMT, the first time that the UK motor industry would be led by a senior executive of a Japanese carmaker.

The emergence of a Japanese company in the higher echelons of the main

lobbying organisation of the motor industry in Britain is likely to prove controversial among west European car producers, which are lobbying fiercely for a tight monitoring regime for Japanese vehicle exports to the European Community.

France and Italy in particular are still insisting that production from Japanese car plants in the UK should be taken into account when the EC negotiates with the Japanese government on the level of direct exports to Europe.

The UK government maintains there should be no limit on Japanese vehicle production in Europe. It wants cars pro-

duced at Japanese-owned plants to have free circulation in the EC.

Nissan, Honda and Toyota have all located their first European car plants in the UK with a total investment of more than £2.1bn.

Mr Ian McAllister, chairman of Ford of Britain, the US carmaker's UK subsidiary and a public critic of Japanese involvement in the European motor industry, is to become a vice president of the SMMT at the society's annual meeting next week.

In evidence to House of Commons employment select committee earlier this year, Mr McAllister attacked the

Japanese car manufacturers in Britain. Ford was concerned about the "potential erosion of the UK's manufacturing and technological base which could result from excessive reliance on Japanese transplant factories," he said.

Executives from a group of UK companies yesterday said they were "well satisfied" with the success of the first government-backed exhibition promoting the UK motor sport industry overseas. Staged at Indianapolis, the export promotion was dominated by Sunday's Indianapolis 500, in which 82 of the 33 cars which competed were designed and built in the UK.

# Threatened shipyard launches new ferry

LEADERS OF the campaign to save the troubled Swan Hunter shipyard hope the launch today of a £1.4m ferry will not be the last in the company's 130-year history.

The Pride of the Tyne (right) was the last vessel order received before Swan Hunter went into receivership after failing to win a helicopter carrier contract three weeks ago.

The 26-metre ferry, built for the Tyne and Wear Passenger Transport Executive, was small enough to be lowered into the water by crane.

Many of the 1,800 workers remaining at the yard are mainly employed in fitting out three frigates.

Talks between the receiver-ship team and the Ministry of Defence have so far guaranteed work on the frigates only up to the end of next week.

Swan's short-term future can be further improved if the yard succeeds in winning an order due to be placed by the end of this month by Oman for two 46-metre assault craft.

There is also a prospect of being better-placed to win merchant ship orders if the European Commission can be persuaded to agree to the yard becoming eligible for intervention funding.

Mr Tim Sainsbury, the industry minister, promised last week an approach would be made to the EC with a view to gaining such status for all UK naval yards.



# European Commission could ban hallmarks

A 900-year tradition of using crowns, anchors, lions, roses and castles to guarantee the quality of British gold and silver is likely to be banned by the European Commission, writes Ian Hamilton Fazez.

The symbols are among the hallmarks that have to be used in Britain to protect consumers from being sold "under-carat" gold or adulterated silver. They are applied by assay offices in Birmingham, Edinburgh, London and Sheffield after independent tests.

Other EC countries say they restrict trade in the single market by forcing tougher British quality guarantees on overseas competitors.

Gold items can be sold in Britain at weights of nine, 14, 18 or 22 carats and are marked as such by number. Silver has only one standard, denoted by the mark 925, which means the item is 92.5 per cent silver, alloyed with 7.5 per cent copper for durability. European competitors frequently use only 80 per cent silver.

The Association of British Cutlery and Allied Trades (Abcat) says draft EC proposals to harmonise European methods of marking precious metals will allow sub-standard gold and silver items to be sold legally. "If we are going to harmonise, everyone else should adopt the British system to improve consumer and trader protection," said Mr John Price, president of Abcat.

# Soft drinks suppliers agree competition undertakings

By Neil Buckley

THE UK's largest carbonated drink suppliers yesterday agreed to give undertakings aimed at guaranteeing competition in the soft drinks industry.

Coca-Cola, Schweppes Beverages (CCSB), Coca-Cola Bottlers (Ulster), and Britvic - which together account for more than half the UK's £5.5bn carbonated drinks market - agreed to end exclusive or restrictive supply agreements with pubs and leisure outlets.

The decision comes nearly two years after the undertakings were first recommended

by a Monopolies and Mergers Commission report.

CCSB also agreed to seek approval from the Office of Fair Trading before it acquired any business involved in supplying draught soft drinks through dispensing machines.

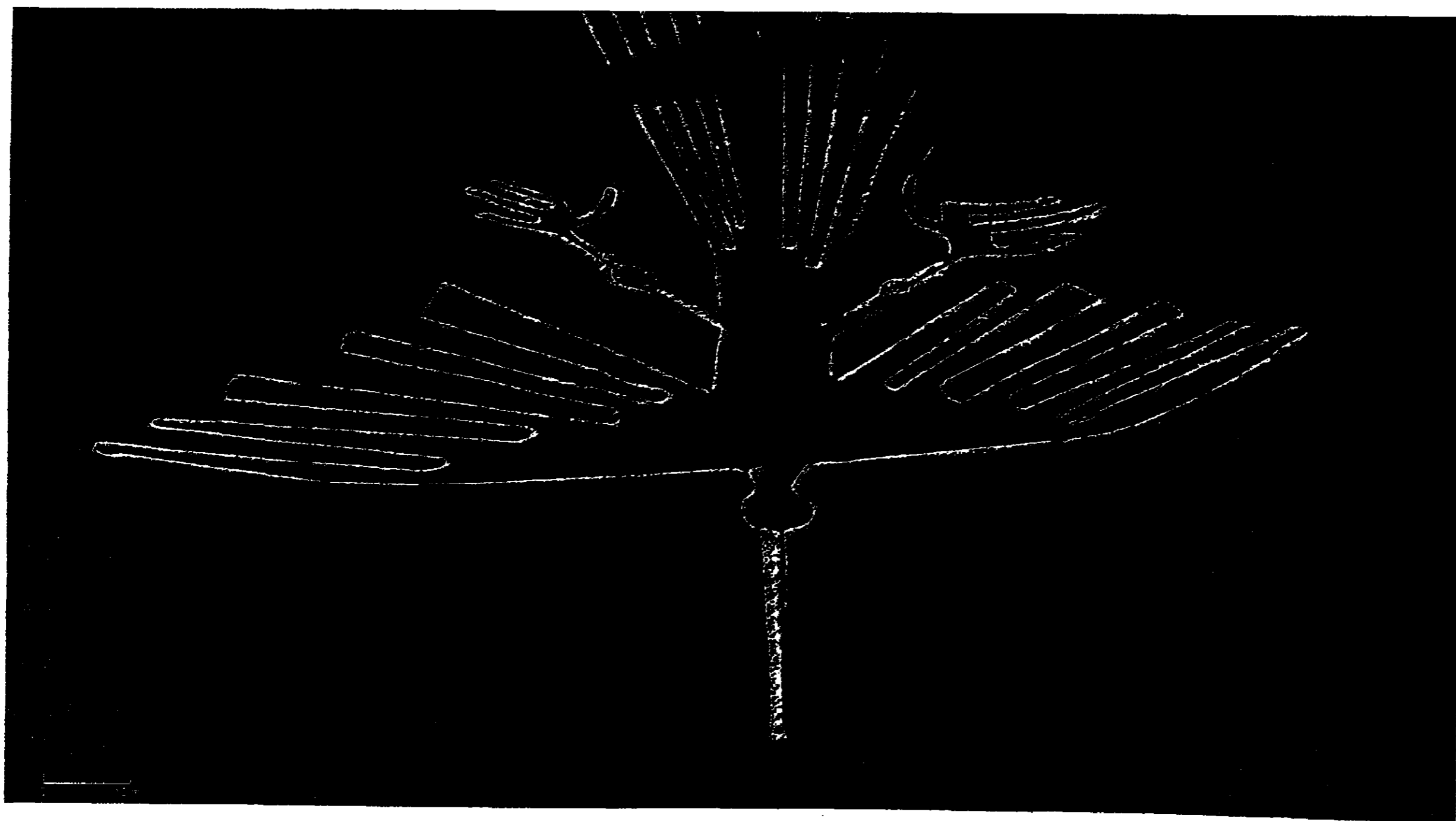
Mr Neil Hamilton, corporate affairs minister, asked for the undertakings last June. His request followed consultation between the Department of Trade and Industry and the companies, after an MMC report on the carbonated drinks market published in August 1991.

The MMC found competition was generally effective in the

take-home trade, but that CCSB and Britvic practices in the leisure trade could restrict choice.

CCSB, a joint venture between the US Coca-Cola Company and Cadbury Schweppes of the UK, said the undertakings would have "no significant impact" on its business as they affected only about 1 per cent of its sales volume.

Britvic, owned by brewers including Bass, Whitbread and Allied Lyons and which has about 20 per cent of the UK market, said it had already started to implement the MMC's recommendations.



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## European Commission could ban hallmarks

A 900-year tradition of using crowns, anchors, lions, roses and castles to guarantee the quality of British gold and silver is likely to be banned by the European Commission writes Ian Hambleton.

The symbols are among the hallmarks that have to be used in Britain to protect consumers from being sold "under cover" gold or adulterated silver. They are applied by assay offices in Birmingham, Edinburgh, London and Sheffield after independent tests.

Other EC countries say they restrict trade in the single market by forcing tougher British quality guarantees on overseas competitors.

Gold items can be sold in Britain at weights of one 18 or 22 carats and in marks as such by number. Silver has only one standard, marked in the mark 800, which means the item is 800 parts of silver alloyed with 200 parts of other metals for durability. Overseas competitors frequently use only 80 per cent silver.

The Association of British Goldsmiths and Silver Traders (ABST) says that the proposals to harmonise national methods of marking gold and silver will allow counterfeiters to sell inferior goods legally. It says that the proposals should be rejected and that the UK should adopt the traditional method of marking gold and silver.

John Price, president of the ABST, says that the proposals are a threat to the UK's gold and silver trade.

# Terrorism cover premium rise condemned

By Richard Lapper and Michael Cassell

COMMERCIAL insurance buyers yesterday condemned swinging increases in premiums for terrorism insurance planned by Pool Re, the government-backed reinsurance company.

The government announced last Friday that it would press Pool Re to increase rates for policies commencing after July 1, following the Bishopsgate bomb in the City of London in

April. Large London-based businesses will face increases of more than 300 per cent, according to a letter from the Department of Trade and Industry (DTI) sent to one leading UK company.

In its letter, the DTI said: "The most significant change is the removal of the discounts which had previously been given for large sums insured. We concluded that while this may be an appropriate approach for fire insurance, it is unsuitable for terrorism

insurance."

An "extra large" property based in central London and valued at £500m will pay £720,000 for its terrorism insurance after the revision compared to between £175,000 to £282,500 before.

The Association of Insurance and Risk Managers in Industry and Commerce (Airmic), which represents commercial insurance buyers at more than 300 UK companies, says that moves to penalise city-centre businesses, particularly those

in London, is "short sighted and could prove counter productive."

The Confederation of British Industry also renewed warnings to the government about the potential impact on business of proposals to raise terrorism insurance premiums on City of London and West End properties.

Mr Howard Davies, CBI director general, urged the government to "think again" and look at how the level of premium affected the take up of

cover and, in turn, the flow of premiums to the reinsurance pool. "An increase of this magnitude in the space of only five months is something for which companies cannot budget. Whatever needs to be done - and a good deal less than this would seem to be sensible - it must be phased in over a longer period," he added.

Mr Justice Saville, the High Court judge, is to step up efforts to rationalise an increasingly complex set of legal actions involving Lloyd's

Names in the face of growing congestion in the Commercial Court. This could give a fillip to efforts by Lloyd's to achieve an out of court settlement, some observers believe.

Mr Saville, the head of the commercial court, will meet with solicitors representing groups of Names - the individuals whose capital backs Lloyd's - and their agents at a meeting on June 21 and 22. It is understood that he is unwilling to set new court dates until he has formed an overview.

## Britain in brief



### 'Progress' in talks over BA dispute

Talks aimed at averting a strike among British Airways cabin crews and ground staff were adjourned yesterday, with claims by the management that some progress had been made.

BA is now seeking a meeting with Mr Bill Morris, general secretary of the TGWU general union, in an effort to resolve the dispute over pay and conditions.

"Talks were constructive and we made definite progress on one issue and now seek further talks on the outstanding issues," said a spokesman for BA. However, a union spokesman said there was still "a big chasm between both sides."

The main issue, conditions for BA's Gatwick-based staff under the airline's reorganisation plans following its acquisition of Dan Air, remains to be sorted out.

The meeting followed a ballot of BA's TGWU members last week which resulted in 62 per cent voting for a strike. Mr Morris said if no agreement was reached a strike would be called.

## Rift deepens on teaching

The rift between the government and the teaching profession deepened yesterday after Mr John Patten, the education secretary, accused head teachers of "turning back the clock to an educational dark age".

Mr Patten's speech to the annual conference of the National Association of Head Teachers in Newcastle upon Tyne met with a fiercely hostile reaction, punctuated by hisses, jeers and shouts of "rubbish". Mr David Hart, NAST general secretary, said it was the roughest reception head teachers had ever given an education secretary.

Disputes over national curriculum testing and school league tables overshadowed Mr Patten's announcement at the conference that sweeping reforms of teacher training in primary schools would be published next week.

Guest column, Page 14

## Building survey finds £19bn in late payments

By Andrew Taylor, Construction Correspondent

MORE THAN 60 per cent of UK construction contracts are subject to late payment, according to a study published this week.

The findings, which indicate that £19bn owed to construction suppliers was held up last year, will give fresh impetus to demands from government and business organisations that companies improve their payment performance.

Late payment has been cited by the Confederation of British Industry, the employers' organisation, as one of the main causes of business failures.

The Institute of Directors last week called for improved court procedures to help small companies get paid on time.

Construction Intelligence Data (CID), an independent research and credit rating organisation, has examined the experiences of about 1,000 sub-contractors.

Its findings show that the record of construction companies, renowned as some of the worst payers in UK industry, has deteriorated further during the past year.

According to CID, the proportion of contracts involving late payments jumped from an average of 45 per cent during the year to March 31 1993, to more than 60 per cent during the following 12 months.

CID estimates that 90 per cent, or £31.5bn of the £35bn spent annually on construction in the UK, is channelled through specialist sub-contractors.

Sub-contractors claim that financially hard-pressed main contractors are holding on to cash as long as possible instead of passing on payments from developers and building owners to sub-contractors which are actually doing the work.

Their biggest concern is that main contractors may fail before payments have been made.

CID said the average number of days for which payment was delayed, after the date agreed in the contract, had risen from 13 to 28 since the end of March last year.

It also complained that main contractors were automatically deducting discounts to encourage prompt payments even when payments were late. Almost three-quarters of late payments had discounts incorrectly deducted said CID.

It estimated that nearly £350m had been incorrectly deducted based on average an discount of 2.5 per cent of the contract value.

CID said that the number of sub-contractors starting legal action against late or incorrect payment had risen sharply during the past 12 months.

## Best-ever quarter for UK tourist industry

By Michael Stapiniker

THE UK tourist industry this year enjoyed its best-ever first quarter, with 3.6m visitors entering the country between January and March, according to figures released by the British Tourist Authority.

Tourist spending was also at record levels, rising 13 per cent to £1.5bn. Total visitor numbers were 8 per cent up on last year.

The increases were achieved despite a fall in the number of North American visitors. Visits by North Americans fell 6 per cent to 600,000 in the first quarter. However, the number of visitors from western Europe rose 12 per cent to 2.3m - higher than in any previous first quarter.

Mr Dick Batchelor, the BTA's assistant marketing director, said blizzards on the US east coast during March had hampered efforts to attract American visitors.

Some in the UK tourist industry have criticised the BTA's US offices for not giving greater publicity to the pound's weakness.

Mr Batchelor said that the Spanish and Italian markets seemed particularly healthy. He said the BTA would be happy to see a small amount of growth in the number of visitors from Germany this year, given the downturn in the German economy,



## Queen's day passes without pomp

QUEEN ELIZABETH II let the 40th anniversary of her coronation pass almost without mark yesterday but for a 41-gun salute in London and the issue of a special £5 coin. The Queen, 67, ordered the low-key approach after describing 1952 as her "annus horribilis".

Yesterday's press coverage was far removed from the respectful tone of 1953. Forty years on, the left-of-centre Daily Mirror ran a front-page comment headlined: "How long to reign over us?" Royal scandals and the costs of monarchy in a recession have all eroded some of the popular appeal of the monarchy, although the Queen has remained largely above the debate.

She celebrated her coronation by watching her horse, Ennobleme, win at Epsom, the south of England racecourse. At the same meeting, the 214th Derby was won by Commander in Chief at 15-2. The race, following the disastrous Grand National at which £70m was returned in void bets, was expected to be the biggest betting event of the year.

The underlying change in the reserves excluded a number of factors including proceeds from this month's tender of UK Ecu Treasury bills and sales into the secondary market. These amounted to a total of £1.17bn.

It also excluded maturing UK Ecu Treasury bills of £1.16bn and repayments of borrowing under the exchange rate cover scheme of £22m.

## New standard for auditors

Companies must obey the spirit and reasoning of the new accounting standards in almost every circumstance if their accounts are to comply with the law, under draft rules issued by the Accounting Standards Board.

Members of the UK accounting bodies who are directors or officers of companies are also required to ensure that their fellow officers fully understand the significance of the board draft. The details come in two documents which stress that the standards issued by both the board and its urgent issues task force are underpinned in law.

## UK reserves up \$78m in May

The UK's gold and currency reserves rose an underlying \$78m in May, the Treasury announced. The overall level rose by \$71m taking reserves at the end of the month to \$41.7bn compared with \$41.6bn at the end of April.

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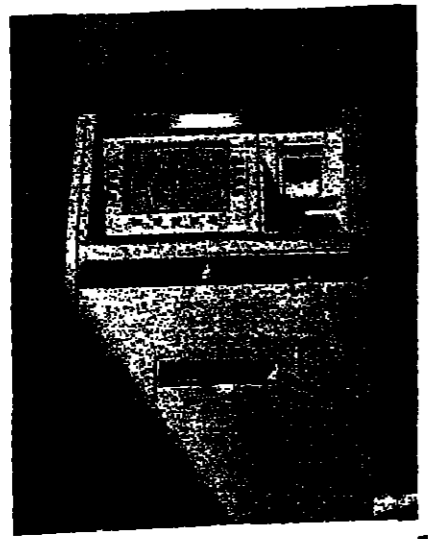
## Novel car crime 'growing fast'

About 500 car windscreens are currently being stolen each week and this is now the fastest growing form of car-related crime in the UK, according to Autoglass, the replacement windscreen company.

The thefts are the consequence of the introduction of a stricter regulations in the annual MoT test which requires damaged windscreens to be replaced.

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## Doing business in Japan is bound up in ritual and customs. Walter Bruderer offers a 10-point guide

# Bridging the divide

OKAY, WE'VE WINED, DINED  
PLAYED GOLF AND EXCHANGED  
GIFTS'. REMIND ME WHAT  
WE'RE SUPPOSED TO BE  
SELLING THEM

ROGER BEALE

No matter how attractive your product, how thorough and convincing your presentation, how flexible and accommodating your position, do not expect to come away from your first meeting with a "yes" or "no". The Japanese will assure you that they will consider the matter

● **Being patient, patient, patient.** Traditions, customs, rituals are evident everywhere in the Japanese way of conducting business. They

*The author is a specialist on east and south east Asia and is presently living in Switzerland.*

# Better service or your money back

Cash compensation schemes have become popular, despite initial scepticism, writes **John Willman**

have been successful in improving the company's image, giving it

"It's a good way of acknowledging that your customers have rights," she says. "But most con-

tightly on service performance targets in such a way as to ensure that customers only rarely need to claim a payment.

## Cash compensation schemes can offer a relatively cost-effective marketing tool

"It's a good way of acknowledging that your customers have rights," she says. "But most con-

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Q. I

It is late in the afternoon and Chicago's futures trading floors are closed. But high in an office tower on LaSalle street a futures trader-turned computer operator is juggling his telephone and keying in a customer order to sell D-Mark futures. His after-hours Globex terminal asks for account information and a security code, then accepts the order.

In the intervening minutes, the interbank foreign exchange trader at his elbow has taken, priced and executed a telephone trade for a large quantity of D-Marks in the over-the-counter market. Long after the telephone trade is finished, the computer order glows on the Globex screen, unmatched.

Globex, the after-hours trading system for futures and options contracts developed jointly by Reuters and the two largest futures exchanges, the Chicago Mercantile Exchange and the Chicago Board of Trade, was conceived in 1987 as the high-tech weapon that would electronically project Chicago futures trades around the clock and around the world. It was also designed to blunt competition from overseas exchanges and turn a potential off-exchange competitor - Reuters - into a partner.

Five years and an estimated \$90m (€52m) later, its technology had already been overtaken by the time it was launched in June 1992.

Globex's problems are rooted in both the conception and execution of the service. "Globex was conceived when the 24-hour global dealing desk was envisaged - but that has never really happened," said Tony La Roche, managing director of Cater Allen Futures.

During the 1980s, "globalisation" was a buzzword in the financial markets. The concept was that as barriers between markets fell, trading would cease to be concentrated in domestic markets, and would, at least in large markets such as the US Treasury market, continue 24 hours a day with flows of paper moving around the world.

Instead, trading has remained concentrated within the domestic time zone of the relevant instrument. For example, the Japanese Government Bond market is highly liquid during the Far Eastern trading day, but activity tails off when that market closes.

Because Globex is a futures market, it is difficult for heavy volume to be generated when the underlying cash market is closed. Futures contracts are generic agreements to buy or sell at a set price and time through an organised exchange. The only instruments listed on Globex which have liquid cash markets around the clock are Euro-dollar futures and foreign currencies.

So far, trading volume has been



Globex's troubles are rooted in the fact that many futures exchanges prefer open outcry trading to screen-based systems

## Trouble after hours

Since its launch the Globex trading system has provoked much criticism, write Tracy Corrigan and Laurie Morse

disappointing, although the recent listing of products from the Matif, the French futures exchange, helped boost volume. But the system is being used primarily as a means of finishing off late trades in a particular marketplace, rather than for trading outside a dealer's natural time zone. Even then, it is outclassed in speed and liquidity by other after-market trading opportunities.

Its biggest competition comes from the Chicago exchanges. On any given night, while the Globex terminals are live, eight times as many US government bond futures contracts trade on the floor of the Chicago Board of Trade, in sessions that coincide with Japan's market opening.

After the closing bell at the Chicago Mercantile Exchange, 5,000 to 10,000 telephone trades in after-hours Japanese yen and D-Mark futures are done in transactions known as "exchange for physicals", many more than on Globex. And in Singapore, while Chicago sleeps, 10 times more three-month Eurodollar futures are traded on the Simex floor than on Globex. The Simex trades, similar to those on Globex, can be offset by a floor trade in Chicago.

Liquid floor and telephone mar-

kets, meanwhile, have improved their own technologies in the past six years. "Globex is definitely the tail of the market, and the tail won't wag the dog," says Brian Duff, foreign exchange product manager for Cargill Investors Services, a Chicago-based brokerage house that staffs a Globex desk.

Most traders familiar with the system say it is not particularly user-friendly. In London, it is compared unfavourably with the after-hours system operated by the London International Financial Futures & Options Exchange (Liffe). Liffe's APT system, which is currently the subject of a development project, is liked by traders because it simulates the method of trading used in the futures pits.

Globex is criticised for its time-consuming order-entry requirements, despite the heavy technology investment it.

In a much-needed revival, the Matif doubled Globex volume since it began entering its contracts on the system on March 15. But the boost from Matif is purely local, as UK and US firms have been, to date, unable to trade the French products for regulatory reasons. Ominously, the rise in Matif volume on the system in April masked a decline in trades in CBOE and CME products.

Jack Sandner, the eight-time CME chairman who took the helm of Globex this week, argues that building a truly international system takes time and technical and regulatory hurdles are being overcome.

But international terminal placement is still sketchy; no other exchanges besides the Matif have signed on to list products and technical hitches still dog the system.

Reuters, which contributed most of the estimated \$90m cost of developing Globex, may find it hard to recoup its investment. Globex has cut or waived fees on some deals, but Reuters earns \$1 per round trade and \$900 in monthly rental for some 300 terminals installed.

At the heart of Globex's troubles are the exchanges' reservations about screen-trading. "We all really believe open outcry trading is the better way," says Alger "Duke" Chapman, chairman of the Chicago Board Options Exchange. "It is cheaper and more efficient, with higher bid/ask spreads, than any computer system in the world."

Global screen-based trading may have its day. But Globex is likely to go down in history as one of a number of prototypes, before the final technological breakthrough which makes screen-trading as easy as face-to-face trading.

Britain's coastline is under threat. Not only do many of the country's sea defences date from before 1939, but sea levels are rising through geological changes and global warming.

To find better ways of protecting Britain's coastline from both erosion and flooding, the national Coastal Research Facility has been set up. This large tank - built to model the interactions of sea and shore - is the main element of a five-year, £5m coastal engineering programme funded by the Science and Engineering Research Council.

The tank, a joint venture with the contract group HR Wallingford in Oxfordshire, will be able to model 800m stretches of coastline. Paul Meakin, secretary of Serc's environmental civil engineering committee, says one of the main results will be improved software for civil engineers who design and build defences.

Britain has more than 17,000 miles of coastline, subject to the constant attrition of the sea. It is difficult to get a true picture of the scale of the threat because the last survey of flood and coastal defences was completed in 1981, although the Ministry of Agriculture, Fisheries and Food expects to finish its national survey of coastal defences by September.

With sea levels forecast to rise from 4mm a year on the Northumbrian coast to 6mm in the south and east, there is no doubt that the UK needs to improve its sea defences. But there is no consensus among researchers, engineers and funding bodies about how to do so. It is already well recognised that "hard" defences will not solve Britain's serious coastal erosion problem.

"In fact, sea walls do nothing to stop erosion - they protect the land behind them but overall they reflect energy and cause the sea to take more material away," says Dick Thomas, consulting engineer at Posford Duvivier, maritime engineering consultants. He says rough, sloping sea walls are now acknowledged as the best way of absorbing rather than reflecting the sea's energy, and walls of this type have been built at Mablethorpe and Skegness in Lincolnshire.

Serc is also investigating alternative "soft" defences. "The aim is to find ways of placing sand and shingle beaches and make sure they stay there," says Michael Owen, chairman of the Coastal Defence Research Committee, a unit of Serc's environmental committee.

Beaches are often preferred to sea walls because they can absorb all the wave energy. But they do

## Taking the soft option

Nuala Moran on protecting the UK coastline



take up more room. A typical sea wall 5m high may need a strip 10m wide. A shingle beach 5m in height would typically have a slope of 1:3, and a sand beach a slope of 1:20.

The difficulty of designing beaches is to predict what slope is needed for different waves and tidal situations.

Beaches are also subject to drift and so need frequent maintenance. Despite this, they are cheaper than walls, which typically cost around £5,000 per metre. For example, Owen estimates that in the long run the shingle beach constructed at Seaford, near Newhaven, will cost 75 per cent of building a sea wall. But in common with sea walls, beaches can have knock-on effects. It is recognised that raising the height of the sand beach at Bournemouth to cut down erosion has resulted in neighbouring beaches being deprived of their natural source of recharge.

Another problem with building soft defences is finding the right materials. Shingle is best because it absorbs most wave energy, but good shingle is difficult to find, Owen points out.

The Construction Industry Research and Information Association is about to start a £500,000 project on coastline protection and beach management which will investigate this problem. "The aim is to survey resources that for one reason or another are not cur-

rently exploited," says Judy Payne, research manager in water engineering at Ciria.

Another approach, which according to Chris Birks, head of flood defence at the National Rivers Authority is "relatively novel in the UK", is the construction of artificial reefs to protect the coast by reducing wave energy. The NRA is constructing reefs 250m off the north Norfolk coast consisting of layers of rock held in place with mesh.

The trend in coastal defences is towards soft engineering, Birks says. "This means working with the coastal processes and using nature against nature."

The most fashionable example is strategic retreat. This means allowing the sea to inundate existing sea walls and create a salt marsh, building a new sea wall on higher ground.

The approach is favoured by the conservation body English Nature because it will create important wildlife habitats and by the ministry because it is much cheaper than building higher and higher sea walls.

No one advocates strategic retreat in areas where there is any risk to property, but there is a feeling that it is pointless to protect marginal farmland when farmers are being paid to take land out of production.

An experiment is taking place at Northey Island in Essex where the tide has been allowed to flood over the old sea wall to begin creating a salt marsh and a lower sea wall has been built on higher ground.

A 10m stretch of salt marsh offers the same protection as 1m on top of a sea wall. But Alan Gray, head of population ecology and genetics at the Institute of Terrestrial Ecology, says it is not just a matter of allowing land to be flooded by seawater.

"Salt marshes need to be designed just as much as sea walls and beaches are. It is essential to carry out tidal studies because there is a chance of altering the balance between the ebb and flow of the tide so that sediments are sucked out rather than being deposited."

The life expectancy of a sea wall is 50 years - the same time it takes for a mudflat to develop into a saltmarsh. So a managed retreat scheme would have much longer life than a hard defence.

However, Dick Thomas is sceptical about building soft defences to replace sea walls. "Even if the sea wall has been undermined, with a bit of work it will be as good as new. If you go to a softer defence you are sometimes rejecting all existing assets."

## PEOPLE

### Inland Revenue hires critic as tax practice watchdog

The Inland Revenue has made a daring choice in hiring Elizabeth Filkin as its independent adjudicator to deal with complaints from taxpayers.

It can expect little respite from her once she starts work on July 1. She was chief executive from 1983 to 1988 of the National Association of Citizens' Advice Bureaux, an organisation which has been critical of Revenue in the past. But Filkin stressed yesterday she would approach the job with an open mind. "I come with a chunk of knowledge but not any preconceived views or assumptions. I believe the hearts of the Revenue professionals are in the right place."

The Revenue selected her in open competition from more than 700 applicants. "I have always been interested in consumer rights and justice. And the Inland Revenue is the biggest business in Britain, with a turnover of £18bn a year," she says.

"An organisation with 25 million phone calls a year and 400 outlets is going to have bits that go wrong," she says. "It is vital that we can be confident the tax system is administered as fairly and efficiently as possible and that, when mistakes are made, they are rectified."

Filkin, 52, has a broad portfolio of activities, ranging from chairing the Lord Chancellor's Legal Aid Committee and



membership of the Advertising Standards Authority. She is a director of Hay Management Consultants, focusing

on customer service, and a non-executive director of the Britannia Building Society. She was director of community services and then assistant chief executive of the London Docklands Development Corporation between 1988 and 1992.

At the Citizen's Advice Bureau, she set up a national internal complaints procedure and co-ordinated the 1,000 bureaux nationwide.

The Revenue envisages the position will provide a last post of appeal to deal with complaints in the way tax affairs are handled by its staff. Ms Filkin will be paid £55,000 pro rata, and is currently expected to work a three-day week.

### Non-executive directors

■ John Salkeld, chairman of Southern Newspapers, as chairman at KYNOCH GROUP.  
■ Rhys Williams, chairman of the council at the University of Warwick, founder council member of the Engineering Training Authority and a former director of GEC, at TRANSFER TECHNOLOGY GROUP.

■ David Kerr has resigned from HAMPTDEN.

■ Alastair Gowan has resigned from JOHN BROWN.

■ Michael Pickard, chairman of the London Docklands Development Corp and retired chief executive of Freemans Mail Order, at BENTALL'S.

■ Sir Hugh Bidwell, a former Lord Mayor of London and a director of Argyll Group and Rothschild Asset Management, at SAVE & PROSPER Return of Assets Investment Trust.

■ Michel De Greef at VERNON INTERNATIONAL GROUP.

■ Hugh Scurfield at NM UK Limited, subsidiary of National Mutual Life Association of Australia.



■ Martin Gilbert (pictured above) as non-executive deputy chairman at PRIOR.

■ Stanley Churchfield steps down from ENTERPRISE OIL.

■ George Bull at UNITED NEWSPAPERS. Sir Derek Palmer has retired.

■ Robin Hutton at SINGER & FRIEDLANDER.

■ John Drew at the ENTERPRISE SUPPORT GROUP.

■ Michael O'Keefe has retired from ALLIED IRISH BANKS.

■ Alan Jones at BRITISH VITA.

### Wilkinson joins Laird Group

Geoffrey Wilkinson, a former British Steel executive who has been running his own business for the past 18 months, has joined The Laird Group, and will be appointed finance director in July.

Wilkinson, 47, who is reluctant to discuss his experience at Prior Wilkinson, a partnership he set up in October 1991 together with David Prior, son of Lord Prior, describes Laird as "a very good opportunity".

Wilkinson replaces Charles Barton, finance director for the past two years, who announced his resignation at the end of May. At the time, Laird chairman and chief executive John Gardiner explained that Barton had "decided to develop his career outside Laird".

A graduate of the LSE and Stanford, Wilkinson first became acquainted with Laird when he worked for the Industrial Re-organisation Corporation 20 years ago. His next move was to British Steel.

There, he became chief economist in 1978, later financial controller of an operating group, and then head of the corporate mergers, investments and divestments team.

He and Prior then briefly worked for Garry Klesch of Quadrex Securities. Klesch put up the equity for a series of steel service sector buy-ins.

Wilkinson moved again, this time to Dillon Reed, but he left when Barings bought into Dillon Reed and the London office was reorganised.

### Financial moves

■ Alan Greenhorn, formerly director of quantitative research at Hill Samuel, has been appointed investment director at STATE STREET GLOBAL ADVISORS UK.

■ Colin Fisher becomes senior general manager, UK retail banking, at LLOYDS BANK.

■ Mike Evans and Bill West have been appointed to the board of SKANDIA LIFE ASSURANCE COMPANY LIMITED.

### REPUBLIC OF LEBANON MINISTRY OF TRANSPORT COUNCIL FOR DEVELOPMENT AND RECONSTRUCTION

#### BEIRUT INTERNATIONAL AIRPORT PRE-QUALIFICATION OF CONTRACTORS

The Government of Lebanon, represented by the Ministry of Transport and the Council for Development and Reconstruction (CDR), invites applications from suitably qualified building and civil engineering contractors to pre-qualify to tender for the Rehabilitation and Extension of Beirut International Airport.

The Contract will comprise the construction of the following main elements:

- A new west runway (17/35) around 3400 meters long, the strip width is 300 meters and the graded portion of the strip is 210 meters, with approximately 1900 meters projecting into the sea, including marine protection works, all in accordance with international standards.
- Associated taxiways around 16 kms.
- Rehabilitation and extension of the existing terminal building, for 6 millions passengers per year with an approximate built-up area of 94000 m<sup>2</sup>.
- Transit Centre of around 32000 m<sup>2</sup> built-up area comprising a duty free shopping area of around 11000 m<sup>2</sup> and a ninety room airport hotel.
- VIP terminal building of approximately 2000 m<sup>2</sup> built-up area.
- General Aviation terminal building of approximately 3000 m<sup>2</sup> built-up area.
- Air traffic control tower.
- Rehabilitation of five existing buildings, of around 18750 m<sup>2</sup> built-up area.
- Associated road works, vehicle parks and infrastructure works.
- All navigational aids (NAVAIDS) necessary to operate the airfield and airspace, including DVOR, ILS, surveillance radar, runway lighting, taxiway lighting, etc...

The construction period is programmed for 48 months.

The tender period will be from 31st of August to Wednesday 29th of December 1993.

Pre-qualification applications must be on the basis of the pre-qualification document prepared by the Council for Development and Reconstruction, which will be available at the CDR offices against the sum of U.S.\$ Three Thousand (3000 \$) effective June 7th, 1993 at the following address:

Council for Development and Reconstruction (CDR)  
Tallet El-Serail  
Beirut - Lebanon

Deadline for returning the duly completed pre-qualification document with all relevant supporting material is 12:00 noon (Beirut Local Time) on Friday 30/7/1993.

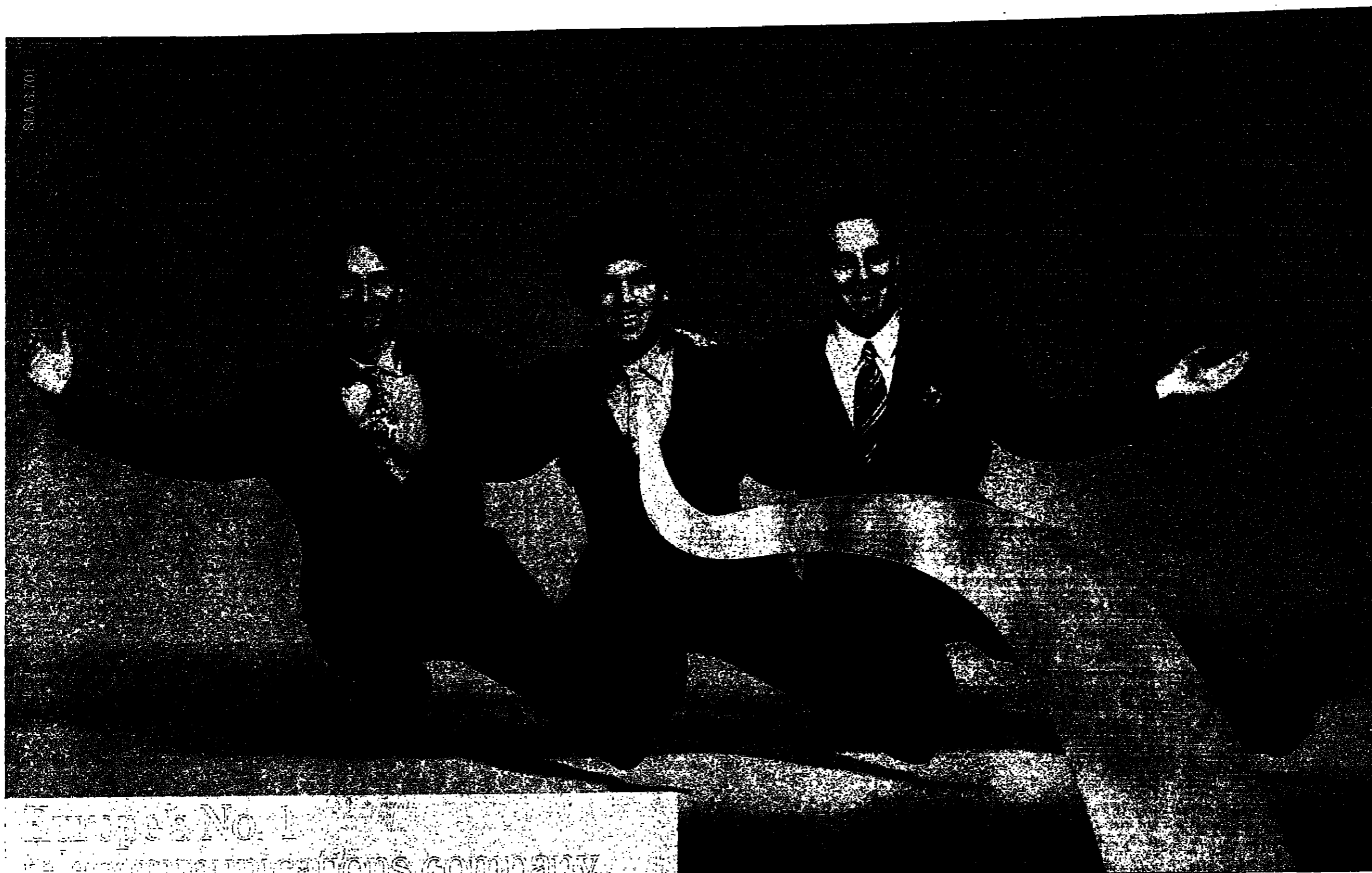
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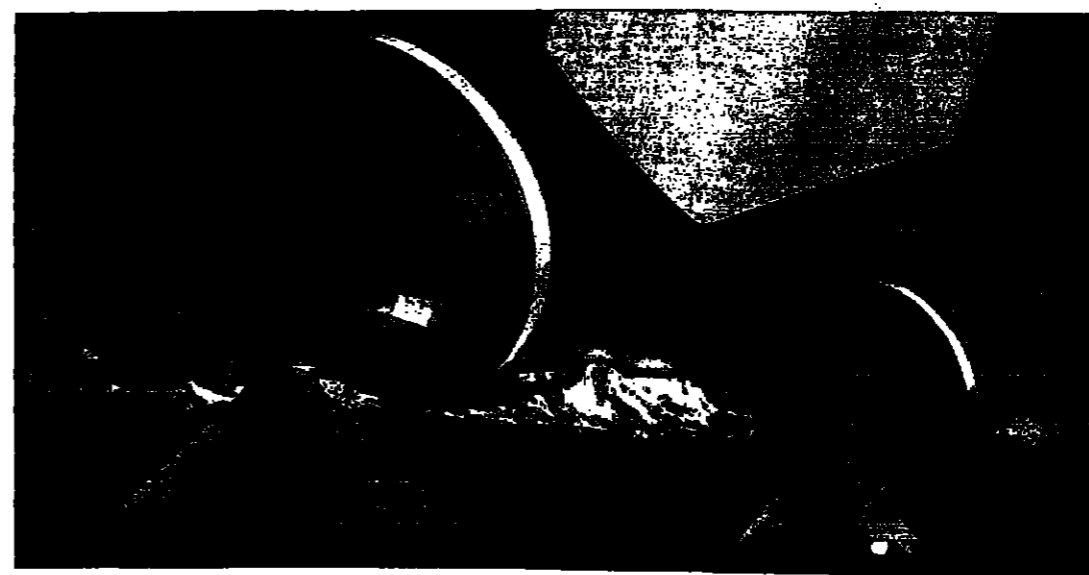
Working closely with several other partners from German industry, we're participating in the CIS ROMANTIS project to create a satellite-supported communications network. This will link the CIS countries to each other and to the western telephone network.

But there's no need to wait until then: Telekom can already offer companies a super-fast data highway to even the remotest location in the east. Via Intelsat and the Russian Intersputnik system, we keep you in constant touch with your eastern contacts, so that together you can really get business moving.

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FINANCIAL TIMES

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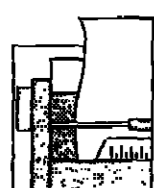
ATHENS

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# Quality control is here to stay



PERSONAL VIEW

It is sometimes the fate of education secretaries and general secretaries of teacher associations and unions to have to shout to make themselves heard above the din. All very different from the quiet discussions I have had in many classrooms and staff rooms during visits to schools. Parents will be first to applaud if we now enter a phase of quiet and constructive dialogue after the great educational debate of this spring. I hope we never again see industrial action in our classrooms.

As I have always said, my overriding objective is to raise standards. So is ours, say Peter Smith and David Hart in their interesting article in the FT ("The ABCs of a sensible testing policy", May 13). The purpose of testing is, they write, principally to provide "confident information about how children are performing..."

I agree. I am all the more so, therefore, that some now seem to want to conceal information. The performance of the health service, the police and local government are all carefully measured. It cannot be right that education should be left - uniquely - as the public service for which there is no freely available information on performance. Taxpayers, who contribute billions of pounds every year to education, have a right to know if that money is producing good results, and about which schools are performing well. Tests and the publication of results are an important part of the process of ratcheting up standards.

The premise for any dialogue must be the success of the national curriculum. We cannot raise standards unless we first raise our expectations of what children can, and should, achieve. The national curriculum does that by setting challenging national targets for all pupils across a broad and balanced curriculum. I long ago concluded that the need for such information is greatest in the basics of English, mathematics and science.

This is an ambitious reform. Unlike our main competitors,

we have never set ourselves clear national standards. That is one of the reasons - perhaps the most important - why the achievements of our pupils, particularly in the middle and lower ability ranges, lag behind those in France, Germany and Japan. The government is determined that we should catch up.

The counterpart of setting demanding standards is measuring whether you reach them; in other words, good educational quality control. Only those who are indifferent to success eschew the opportunity to gauge how close or how far we are from achieving it. That is where tests come in. National tests are here to stay. They are integral to the national curriculum. Without tests, the standards set out in the national curriculum have no real meaning or force.

Some of the critics of the testing arrangements often forget this umbilical link with the national curriculum. Tests are designed both to provide diagnostic information for teachers and a measure of children's progress for parents. They do this because they are anchored by the standards prescribed in the national curriculum.

The tests enable teachers to diagnose where pupils are falling short of expected standards and to remedy shortcomings. Of course the quality of education is as high in some of our schools as anywhere in the world, but the urgent need for diagnosis is manifest in the large numbers of young people who leave school without the literacy and numeracy skills needed to make the best of further education or employment. The cost to business of poor skills in literacy and numeracy is now put at £5bn a year.

The published test results also show how pupils, individually and collectively, are measuring up to national standards and how those standards are moving over time. Disengage the tests from the curriculum targets and they will cease to act as an effective measure. Parents and others would be denied an important opportunity to gauge whether or not a school was improving on past performance.

Last year's tests for 14-year-olds in mathematics and science went well. In fact a great deal of time and effort - three years of trials in the case of this summer's tests for 14-year-olds - has gone into writing tests which are a fair reflection of what pupils have been taught.

The government and Sir Ron Dearing (chairman of the new School Curriculum and Assessment Authority) both take the view that the tests should go ahead in order to learn lessons for the future as well; one year's tests are always a stepping stone on the way to the next. Meanwhile I have asked Sir Ron to review the curriculum and assessment framework to see how its overall manageability for teachers can be improved. Teachers have worked hard since the national curriculum was introduced to put it into place.

The review will consider whether the current curriculum can be focused more sharply so that teachers are clearer about their objectives. It will consider how the arrangements for assessing children's progress against those targets can be streamlined without loss of rigour, but to the benefit of manageability. What is the best balance between tests and teachers' own assessments of school work? How can we minimise the administration of the tests? Will external marking provide a solution? Our aim is to create a broad and effective evolutionary framework within which teachers, governors and parents can act in the best interests of their schools.

That brings me back to the need for a continuing national dialogue and debate. Higher standards in our schools are vital to our national well-being - education is one of Britain's most important enterprises.

John Patten

The author is UK secretary of state for education

In an article on March 25 ("Tide turns in the world economy") I suggested that we might be seeing a sea change in the world economy. The word "deflation" was not used. But there does seem to have been a trend towards ever lower inflation, taking one cycle with another.

The main industrial countries witnessed twin inflationary peaks of inflation in 1974 and 1980 following the first two oil price explosions. Since then the inflation trend has been decidedly downwards. The next cyclical peak in 1990, associated with both a worldwide credit boom and the temporary upsurge in oil prices following Iraq's seizure of Kuwait, was very much lower. Since then inflation in most countries has fallen to levels not seen since the 1960s, and could go lower still.

This view of rapidly falling inflation, not just from one year to another but from one business cycle to another, has received a slight dent from the flurry of interest in gold, and the proclaimed interest in that metal of one or two well-known individual investors. There are also a few political straws in the wind suggesting that democracies have not the patience to persevere with low inflation. The probability, however, is that the forces making for low inflation are too powerful to be overturned by political eddies in favour of cheap money and lots of it.

The secular fall in inflation has been accompanied, unfortunately, by a secular rise in unemployment. There are many structural as well as monetary reasons for this rise. But in view of the rigidities in wage and price adjustment, the pressures to reduce inflation have also meant severe job losses.

The problem with diagnosing such trends is that people rush to ask: "Are you predicting another great depression like that of the 1930s?" even though nothing remotely resembling it has so far occurred.

The difficulty is that in examining eras of modest growth in total spending and demand for gold relative to the supply. As the amount of bank notes and deposits was still related to gold, the growth of both the US and British money supplies slowed down.

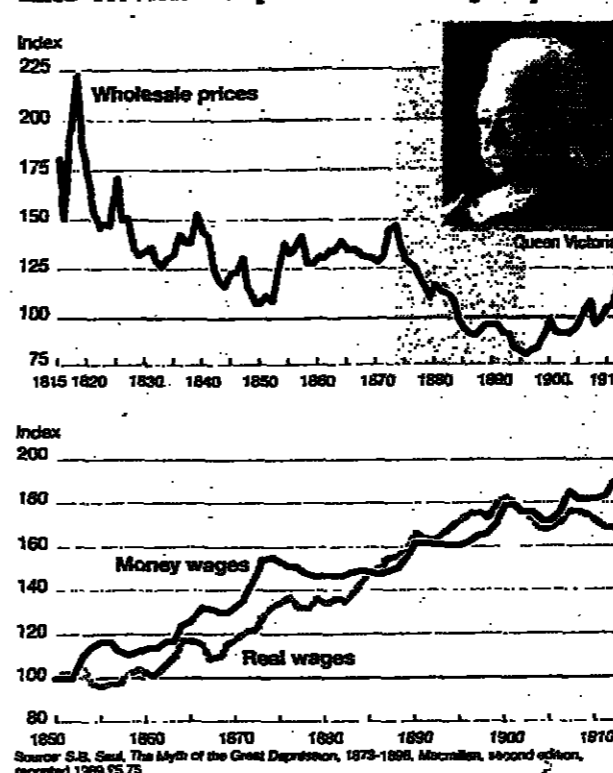
The original reason why Prof Saul and other historians rejected the idea of "the great depression" is that it is associated with the dubious idea of 50-year-long Kondratieff economic cycles. (Alas, I cannot engage in one-to-one correspondence with readers who believe in such cycles.) Moreover, the period is given a false precision from the 1873 peak in prices and activity and the sharpness of the upswing of the late 1890s.

## ECONOMIC VIEWPOINT

# The other 'great depression'

By Samuel Brittan

Late-Victorian depression: mostly in prices



slowdown from mid-Victorian growth rates. More recent estimates, which cover the whole national income including the rapidly rising service sector, do not show a slowdown.

Indeed, real GDP continued to grow at trend rates, despite short-term fluctuations. As the table shows, the average rate of increase over the period 1873-99 (virtually the "great depression" years) was 2.1 per cent per annum, slightly above the average for the 60 years before the first world war. The slowdown in output growth occurred in the subsequent period up to 1913 when prices were rising once more.

While the growth of real output was maintained in "the great depression", the jobless story was different. Unemployment is estimated, on the basis of union returns, to have risen from an average of 5 per cent in 1851-73 to 7.4 per cent in 1873-99.

But the basic reason why the period was not a depression is that real growth was not depressed. The depression idea derived credence from a slowdown in the growth of UK industrial production after 1873. Even in these terms what occurred was a once-and-for-all

Annual percentage rate of growth of UK real GDP

Period	1851-73	1873-99	1899-1913
1851-73	1.7	1851-1873 2.2	1851-1873 1.8
1873-99	2.1	1873-1899 2.1	1873-99 1.4
1899-1913	2.2	1899-1913 2.2	1899-1913 1.2
1913-1929	1.8	1913-1929 1.8	1913-1929 1.8

Source: S.B. Saul

## LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

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### No way to respond to capital idea

From Mr P R Pennington-Legh.  
Sir, The laconic dismissal by David James at the Royal Albert Hall meeting of Lloyd's Names of the ability of the Society of Lloyd's to raise capital on the international capital markets is typical of the closed mind and closed-door response to the idea ("Lloyd's urges Names to settle grievances through negotiation", May 26).

What this well-known company director cursorily dispatches with the short dictum that the bond idea is "non-viable" is similarly dealt with in single words such as "unrealistic", "impractical" and "undesirable" within the business plan.

This lack of explanation is not acceptable. Yet without hint of irony Names learn that there are queues of institutions and blue-chip companies (which Names were told so impressed Mr James), which are nevertheless clamouring to invest in Lloyd's because future profits will be so great.

Both assumptions cannot be right.  
Peter R Pennington-Legh, chairman, Chapter Group, Collegiate House, 9 St Thomas Street, London SE1 9RY

### Self-regulation is best route to curb excessive directors' pay

From Mr Peter M Brown.

Sir, Mr Broome's letter (May 29) calling for legislation to curb excessive directors' remuneration will find support with many private and some institutional shareholders. However, the Cadbury report has only been published for six months and is already changing the map of corporate governance, helped by the call from Postel/Gartmore for a reduction in three-year rolling contracts that can keep too many marginal performers in their jobs.

Judging by the regulatory problems stemming from the Financial Services Act in 1986, I suspect that the self-regulatory route will be more effective and certainly quicker. The Americans are, for instance,

having problems legislating for the non-tax allowability of compensation over \$1m for each of the top five corporate officers in public companies when the payment has not received shareholders' approval. Shareholders could pay excessive remuneration and extra tax, thus facing a double whammy.

We work for owners, compensation committees and non-executive directors and from our experience would suggest three additional areas for self-regulatory pressure:

- That the compensation committee advisers should be named in the annual report.
- That the future pension cost of directors' remuneration salary awards should be certified by

the actuaries as already funded by pension surpluses or, if not, what the future corporate cost will be.

● That a mini-Cadbury, laying out best practice for smaller public and large private companies, should be commissioned in the very near future. For instance, the requirement to have three non-executive directors is quite unrealistic for many such boards, but there seem to be more issues concerning the independence of pension fund trustees in groups of this size.

Peter M Brown, chairman, Top Pay Research Group, Upper Ground Floor, 9 Savoy Street, London WC2R 0BA

### Bit late in the day to say that

From J M Preston.

Sir, I bet Norman Lamont wishes that the FT and other papers had published a week ago all the nice things you had to say about him last Friday.  
J M Preston, The Butterfield Business Exchange, 64 Broomy Hill, Hereford HR4 9LQ

### The Sun seems to have what it wants in Europe

From Sir Fred Catherwood MBE.

Sir, It is useful to have the Sun's black propaganda against the European Community ("Mass trick treaty", May 1) set out in concise form since it is much easier to answer:

- Under the Maastricht treaty, the elected European parliament has to vote for the president of the European Commission and for the commissioners so that they are as accountable to an elected body as our national governments.

● The elected British parliament has had no sovereignty over the key factors in the British economy for years now. When was it last consulted about the exchange rate change?

● The Sun's readers want a note with the Queen's head on it called a pound - don't we all? But the question is, what is it worth? Between the time it was tied to the dollar (1973) and the time it was tied again to the European Monetary System (1982), it has lost nearly nine-tenths of its value. Was the House of Commons responsible for that? In the brief time we were linked, interest rates were come down by a third and inflation by half.

● The Maastricht treaty removes the dependence of the EMS on the D-Mark by giving

all countries equal power - exactly what The Sun seems to want.

● Among our partners in the Community, we have fought our last three European wars in alliance with the French, who were in from the beginning - unlike the US which arrived a bit late the last two times.

● We have at least this in common with the Greeks: our Queen married a Greek prince. We are both victims of sailors and in the last century and the last war we did our best to restore and to protect the democracy to which we are both dedicated.

● It is not possible to have a free trade area without the political clout to protect it - to reform agriculture, to protect the passage of exports and put right all the wrongs about which the Sun complains.

● Finally, if we can stand shoulder to shoulder in the North Atlantic Treaty Organisation with foreign commanders, what is the problem?

Or is it that Nato is OK because the commander in chief is an American and so is the owner of the Sun?

Fred Catherwood, Shire Hall, Castle Hill, Cambridge CB3 0AW

### Guidance on quality standard

From Mr David Franklin.

Sir, "BSI guidance for small firms" (June 1) records that "purchasers have misunderstood the nature of the standard (BS 5750) and insist wrongly on all their suppliers being registered to BS 5750". Purchasers mistakenly believe BS 5750 to be a product quality standard whereas it is a documented quality management system of business procedure.

The Department of Trade and Industry confirms that "BS 5750 is not a product quality system and does not directly improve the standard of the organisation's products and services nor does it confer excellence on the certified organisation, its products or services".

It is to be hoped the new BSI guide to purchasers will refer

them to the Guidelines of Purchasing Practices issued by the Department of Environment in August 1992 which stated: "A requirement that tenderers should be certificated under quality assurance standard BS 5750... may restrict competition and the absence of such certification cannot therefore be considered to indicate necessarily that a company is not competent to carry out work. An authority should not reject tenders solely on the grounds that a company does not have, or does not intend to have, a quality management system provided it is willing to offer other acceptable assurances or evidence of its capacity to carry out work according to specification."

David Franklin, 8 Wincott Street, London SE11

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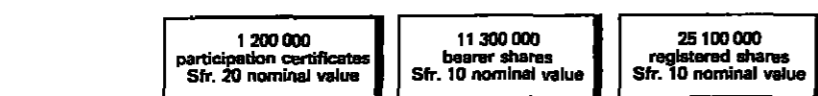
## CAPITAL TRANSACTIONS 1993

1. Capital increase with subscription offer
2. Conversion of participation certificates and bearer shares into registered shares

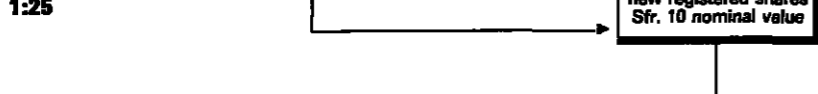
### Capital structure of Nestlé S. A.

#### Old structure

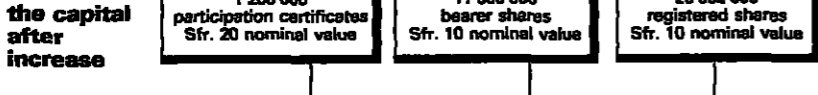
Share capital Sfr. 364 000 000  
Participation capital Sfr. 24 000 000  
Total: Sfr. 388 000 000



#### Capital increase 1:25



#### Structure of the capital after increase



#### Conversion of the participation certificates and the bearer shares



#### New structure

Share capital Fr. 403 520 000

### Decisions of the General Meeting/Board of Directors

#### 1. Ordinary increase of the share capital

On 27 May 1993, the ordinary General Meeting decided amongst other things to increase the share capital from Sfr. 364 000 000 to Sfr. 403 520 000 and to restructure it as follows:  
Increase of the share capital, currently amounting to Sfr. 364 000 000, by Sfr. 15 520 000 to Sfr. 379 520 000 by the issue of 1 552 000 new registered shares having a nominal value of Sfr. 10 each, fully paid up, subject to the restrictions set forth in Article 6 of the Articles of Association, with a preferential subscription right for the shareholders in a ratio of one new registered share for 25 old registered or bearer shares and for the holders of participation certificates in a ratio of two new registered shares for 25 participation certificates. The new shares will be entitled to the dividend for the first time in the year 1993. The new shares will be offered to the old shareholders and holders of participation certificates by a consortium of banks which is subscribing the new shares as a fiduciary. The issue price will be fixed by the Board of Directors. Any preferential subscription rights that are not exercised will be sold at the market price.

#### 2. Conversion of participation certificates and bearer shares into registered shares

Increase of the share capital, from Sfr. 379 520 000 by Sfr. 24 000 000 to Sfr. 403 520 000, with the shareholders and holders of participation certificates waiving their preferential subscription rights, by the issue of 2 400 000 new registered shares, having a nominal value of Sfr. 10 each, paid up by the conversion of 1 200 000 bearer participation certificates, having a nominal value of Sfr. 20 each, into 2 400 000 registered shares, having a nominal value of Sfr. 10 each, each participation certificate being converted into 2 registered shares entitled to dividends as of 1 January 1993.

The bearer shares with a nominal value of Sfr. 10 will be converted into registered shares with a nominal value of Sfr. 10.

At a meeting held after the General Meeting, the Board of Directors fixed the issue price at Sfr. 800.- per new registered share, mentioned under item 1, passed a resolution approving the amendments to the Articles of Association required for the capital increases and took the resolutions needed. Subsequently, it applied for the capital increases to be entered in the Register of Commerce.

An application has been made for the 1 552 000 new registered shares arising from the subscription offer and for the new 13 700 000 new registered shares arising from the conversion of participation certificates and bearer shares to be listed at the stock exchanges in Zurich, Basel and Geneva as of 7 June 1993. It is also intended that these new registered shares will be listed on the stock exchanges in Paris, London and Tokyo. Listing of all registered shares is also planned on the Stock Exchanges in Amsterdam, Brussels, Frankfurt and Vienna. Official trading in participation certificates with a nominal value of Sfr. 20 and in bearer shares with a nominal value of Sfr. 10 will cease on 4 June 1993.

### Conversion of certificates and bearer shares into registered shares

#### Exchange period

The conversion of participation certificates and bearer shares into registered shares will be enacted as follows:  
7 June to 30 September 1993

#### Conversion ratios

1. Nestlé S. A. participation certificate with a nominal value of Sfr. 20 (with attached coupons No. 14 & 15) will be exchanged for one new Nestlé S. A. registered share with a nominal value of Sfr. 10 each (couponless non-renewable certificate)
2. New Nestlé S. A. registered shares with a nominal value of Sfr. 10 each (couponless non-renewable certificate)

#### Entitlement to dividends

As of 1 January 1993, i.e. for the 1993 financial year.  
Certificates held in safekeeping accounts  
In the case of participation certificates and bearer shares which are deposited in an open safekeeping account, the custodian bank will automatically transfer the holdings to the new security number on 7 June 1993.

Certificates kept at home  
Holders of participation certificates and bearer shares who keep their certificates at home or in a bank safe are requested to present their certificates for exchange, together with the exchange form with attached registration form, either at their own bank, or directly to one of the official exchange agents.

### Entry in the Share Register

The new registered shareholders, formerly holders of participation certificates and bearer shares, upon their application, will be entered in the Share Register as shareholders for all the new registered shares resulting from the conversion. Upon filing the application for registration of these new shares in the Share Register, the former holders of participation certificates and bearer shares do not wish to reveal their identity to the Company, they may contact a financial institution of their choice, which may act in their place as nominee and which will be entered in such capacity in the Share Register.

However, since the nominee does not expressly state that it holds the shares in its own name and for its own account it will not have the right to vote and the other rights relating thereto. The nominee will be entered in the Share Register as a non-voting shareholder. All other rights, including in particular the right to dividend and the subscription rights, are expressly guaranteed to the person registered without the right to vote, within the limits of the law and the Articles of Association.

Following the first transfer of these shares by the former holders of participation certificates and bearer shares, the registered shares will be subject to the restrictions on registration of the right to vote set forth in Article 6 par. 6 of the Articles of Association. A natural person or legal entity may be registered as a shareholder with the right to vote for shares which it holds, directly or indirectly, in excess of 3% of the share capital, subject to Article 685d par 3 of the Code of Obligations.

No fee will be charged for the exchange of the existing participation certificates and bearer shares for the new registered shares with a nominal value of Sfr. 10 during the exchange period.

Official trading in participation certificates with a nominal value of Sfr. 20 and bearer shares with a nominal value of Sfr. 10 will cease on Friday, 4 June 1993 (last day of trading). Official trading will be resumed on Wednesday, 7 June 1993, for registered shares with a nominal value of Sfr. 10 only.

The exchange agents in Switzerland and abroad are the same banks as those listed at the end of this publication.

### Subscription offer

The consortium of banks listed at the end has formally underwritten the 1 552 000 registered shares with a nominal value of Sfr. 10 mentioned under point 1 and is offering them for subscription by the old shareholders and holders of participation certificates of Nestlé S. A. during the period:  
7 to 30 June 1993, noon (Zurich time)  
at the following conditions:

Sfr. 800.- net per new registered share with a nominal value of Sfr. 10  
The Swiss federal issue tax will be borne by Nestlé S. A.

1. New registered share with a nominal value of Sfr. 10 for 25 existing registered shares with a nominal value of Sfr. 10 each.
1. New registered share with a nominal value of Sfr. 10 for 25 bearer shares with a nominal value of Sfr. 10 each (prior to conversion).
2. New registered shares with a nominal value of Sfr. 10 each for 25 participation certificates with a nominal value of Sfr. 20 each (prior to conversion).

### Exercise of subscription rights

Through presentation of the subscription rights vouchers from existing registered shares, coupons No. 2 from bearer shares (prior to conversion) and coupons No. 13 from participation certificates (prior to conversion).

Subscription rights may be combined.

25 subscription rights are required to obtain one new registered share with a nominal value of Sfr. 10. Thus:

- Subscription rights voucher from 1 existing registered share = 1 subscription right
- Coupon No. 2 from 1 bearer share = 1 subscription right
- Coupon No. 13 from 1 participation certificate = 2 subscription rights

### Trading in subscription rights

7 to 29 June 1993

### Payment

9 July 1993

### Entry in the Share Register

The entry in the Share Register of new registered shares of Nestlé S. A. will be subject to the restrictions set forth in Article 6 par. 6 of the Articles of Association. In particular, no natural person or legal entity may be registered as a shareholder with the right to vote for shares which it holds, directly or indirectly, in excess of 3% of the share capital, subject to Article 685d par. 3 of the Code of Obligations. If, upon filing the application for registration of these new shares in the Share Register, the shareholders do not wish to reveal their identity to the Company, they may contact a financial institution of their choice, which may act in their place as nominee and which will be entered in such capacity in the Share Register. However, since the nominee does not expressly state that it holds the shares in its own name and for its own account it will not have the right to vote and the other rights relating thereto. The nominee will be entered in the Share Register as a non-voting shareholder. All other rights, including in particular the right to dividend and the subscription rights, are expressly guaranteed to the person registered without the right to vote, within the limits of the law and the Articles of Association.

The new shares are not registered under the U.S. Securities Act of 1933 (the "Securities Act"). U.S. Persons (as defined in Regulation S under the Securities Act) cannot exercise subscription rights, except as described below. Persons in the United States which are qualified institutional buyers (as defined in Rule 144A under the Securities Act) may exercise their subscription rights pursuant to the procedures and terms approved by Nestlé S. A. in transactions exempt from registration under the Securities Act. Any person exercising subscription rights will be deemed to have certified that each person either (i) is not a U.S. Person and is not exercising the subscription rights on behalf of a U.S. Person or (ii) is a qualified institutional buyer that has complied with the procedures and terms referred to in the immediately preceding sentence.

### Consortium for underwriting and exchange agents in Switzerland

Swiss Bank Corporation  
Bank Leu Ltd  
Pictet & Cie  
Breitacher Bank (Schweiz) AG  
BSI Bank (Schweiz) AG  
Credit Commercial de France (Schweiz) S.A.  
Credit Lyonnais (Schweiz) SA

Other official subscription and exchange agents outside Switzerland

Swiss Bank Corporation, London  
Bank Leu, London  
Pictet & Cie, London  
Breitacher Bank AG, Frankfurt/Main  
BSI Bank AG, Frankfurt/Main  
Credit Commercial de France, Frankfurt/Main  
Credit Lyonnais, Frankfurt/Main

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Bank Leu, Zurich  
Pictet & Cie, Zurich  
Breitacher Bank AG, Zurich  
BSI Bank AG, Zurich  
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Credit Lyonnais, Zurich

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BSI Bank AG, Bern  
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Credit Lyonnais, Bern

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## COMPANY NEWS: UK

Restructuring costs total £8.5m as 400 jobs are shed

## Price increases behind rise at Thames Water

By Angus Foster

THAMES WATER, the largest of the privatised water companies, yesterday announced a 6 per cent profit increase for the year ended March 31 1993, thanks to a strong performance from its regulated business.

Pre-tax profits advanced from £236.3m to £251.3m mainly because of average price rises of 9 per cent. At the interim stage, profits were 5 per cent higher at £124m.

Mr David Luffrum, group finance director, said the results were "satisfactory given the recession, not only in the UK but also in our overseas markets".

Turnover for the 12 months increased from £899m to £1,040m, lifted by sales from acquisitions which contributed £76.6m. The regulated business

reported turnover up 7.4 per cent at £810m and was affected by reduced measured usage.

There were restructuring costs of £8.5m as staff numbers were cut by 400 to 6,800. Operating costs increased 16 per cent to £789.2m.

Thames's unregulated businesses, which include process engineering companies PWT Worldwide and Utag, reported disappointing pre-tax profits of £2.9m on sales of £234.4m.

About £3.1m of profits, however, stemmed from treasury operations and several of the operating companies announced losses. Brophy, an associate involved in environmental services, suffered losses totalling £2m but this has been restructured.

A planned dam and pipeline project in Turkey has been delayed, but Mr Mike Hoffman,

group chief executive, said he remained hopeful the project would be signed this year.

Interest costs increased from £8.9m to £30.8m as net borrowings increased nearly £200m to £518m in line with the company's capital expenditure programme. Gearing increased from 21 per cent to 31 per cent on shareholders' funds of £1.69bn.

Earnings per share increased 8.2 per cent to 59.3p (54.8p) helped by a lower advance corporation tax charge following the budget changes.

The company recommended a final dividend of 14.1p to make a total of 21p, a 9 per cent increase. It decided against offering an enhanced scrip dividend alternative after sounding out some of its larger shareholders.

See Lex



Mike Hoffman (left) and Sir Christopher Leaver, chairman

Double glazing company's silence a worry for employees

## Fears grow over Alpine pensions

By Peggy Hollinger

FEARS HAVE been expressed over the fate of pension payments made over the last 15 months by employees of Alpine (Double Glazing), which informed staff by post on Saturday that it had ceased trading.

The Department of Trade and Industry is also believed to have had meetings with former employees over events at the company. The DTI refused to comment yesterday.

Repeated enquiries over several months regarding the pension payments - estimated to total about £100,000 - have

failed to elicit a response from the management. Alpine, once owned by ADT, was purchased from administrators in February 1992 by a group backed by Midlands entrepreneur Mr Clive Smith.

At the time of the purchase, the new management sought to effect a transfer of pension payments up to February 1992 from the ADT fund to the new company. The ADT trustees refused, however, as Alpine did not present an approved plan. As recently as December 1992, Alpine was unable to present an approved pension plan.

However, the company continued to deduct pension pay-

ments from employees' salaries. Discussions with Allied Dunbar on setting up a pension plan were never followed through.

One former employee said yesterday that the company had deducted £2,500 in pension payments from his salary since February 1992. The management has so far failed to respond to queries from either the employee or his solicitor. Calls to the head office and messages left with the senior management went unanswered.

It became clear yesterday that Alpine has been in difficulties for some time. Many

employees have not been paid for up to three months, while bills for advertising and services have also been left unpaid. On Friday Mr Robin Speirs, chief executive, gave notice on behalf of the board of a meeting of creditors to be held on June 15 which would decide whether Alpine should be liquidated.

Alpine was once one of the best known names in the double glazing industry. In a recent attempt to revive the company, Alpine produced a glossy brochure entitled Nightmare on Life Street setting out its latest products including a window with a burglar alarm.

James Capel, broker to the offer, said that the premium was fair and the company was happy with it.

Though not as high as some recent first day premiums, it was at a level needed to build a good shareholder base, James Capel added.

## Inveresk shares rise 15% in first day's trading

INVERESK, the Scottish paper maker, closed at a near 15 per cent premium in its first day's trading on the Stock Exchange yesterday, writes James Buxton.

The shares, priced at 150p, closed at 172p, having touched 177p.

Some 5.5m shares were traded, out of

the 23.6m issued in the placing and intermediaries offer, which was 6.6 times subscribed.

Selling was mostly on behalf of private investors unwinding holdings after being disappointed by the size of their allocations, which were severely scaled down.

## Warburg chief takes £0.8m pay reduction

By Tracy Corrigan

Sir David Scholey, chairman of SG Warburg, saw his pay package tumble by £787,000 for the year ended March 31 1993.

The UK merchant bank sliced his pay from £1.2m leaving him with a package totalling £411,000, with no long-term performance related payments.

Group profits fell 11 per cent to £148m, despite a strong recovery in the second half.

Sir David's pay included an annual performance-related payment down from £316,000 to £216,000, but there was no long-term performance related bonus, which had accounted for more than half his remuneration package the previous year.

His basic salary was unchanged at £195,000, according to the annual report. Long-term performance related pay is set by a compensation committee.

Institutions concerned about a conflict of interest

## Questions asked about Ritblat share purchase

By Maggie Urry

INSTITUTIONAL investors in British Land were yesterday asking questions about the deal secured by Mr John Ritblat, chairman, to buy shares at 289p while the market price jumped 46p yesterday to 344p.

More fundamentally, they were concerned that the partnership deal with Mr George Soros's Quantum group could cause a conflict for British Land's management, trying to serve both its own shareholders and the partnership.

The subject is fraught since in 1989 institutional investors stopped British Land from spinning off most of its properties into a new company. The deal included management incentive targets which shareholders considered too easy.

As part of yesterday's deal setting up the partnership which will invest £500m in property, Quantum is to buy 11.3m new shares at 289p each, the closing share price on Tuesday. However, Quantum is

buying the shares ex the final 4.72p dividend and ex the 4-for-17 rights issue at 245p which British Land also announced yesterday.

Mr Ritblat is buying 2m shares personally, of which 538,383 will come from taking up the rights on his existing up the rights on his existing holding. At least another 1m shares and up to all the remainder of the 2m will be bought from Quantum at the 289p price. This will take his total holding to 4.29m shares.

It was also revealed yesterday that Mr Ritblat's salary rose by 7.9 per cent last year to £386,300.

On the face of it, the share deal gives Mr Ritblat a rapid profit. However, advisers to British Land said that under the terms of the agreement with Mr Soros, Mr Ritblat had to retain 4m shares for a year, so he could not realise yesterday's profit. Further, he is required to hold 2m shares until the end of the partnership "acquisition period" at the end of 1997.

An incentive for British Land management in the form of options over another 4m of the Quantum shares, again at 289p, cannot be exercised until 2003, and only then if certain performance criteria are met.

British Land said Mr Soros had insisted that Mr Ritblat put his own money into British Land shares. Rather than viewing the agreement as a way for Mr Ritblat to buy shares cheaply, they were seen as the "stick" part of a "carrot and stick" arrangement.

Since the shares to satisfy the management options would come from Quantum rather than from the company the incentive scheme was not dilutive for shareholders.

As for potential conflicts, British Land said that what was good for the partnership would be good for its own shareholders.

Unlike the 1989 deal, which was defeated at a shareholder vote, yesterday's proposal is not subject to shareholder approval.

## British Land 3.9% ahead as property values pick up

AS WELL as announcing the £500m property buying partnership and a £132m rights issue yesterday, British Land reported a 3.9 per cent rise in pre-tax profits to £34.6m for the year to end-March, writes Maggie Urry.

Mr John Ritblat, chairman, said that "the signs of recovery which I signalled a year ago are now more widely discernible". He said that since the recession began, the group had bought £900m of properties and those were now valued at £109m over purchase price.

A final dividend of 4.72p (4.28p) is proposed to give a total of 7p (6.35p), a rise of 10.2 per cent. Fully diluted earnings per share rose 6.4 per cent to 13.3p.

The fall in the value of the group's properties over the

year was 3.3 per cent, a smaller drop than the 10.5 per cent and 9.6 per cent of the two previous years. During the year the group bought £166m of properties and sold £113m. Net assets per share fell from 325p to 307p.

Gross rental income rose by 15.3 per cent to £146.6m, a feature being the rent review at the Euston Tower, and operating income was up 18.3 per cent to £125.5m. There was a £2.3m (£6.3m) profit on property trading.

However, the interest charge rose from £79.1m to £93.2m. Mr John Weston Smith, finance director, said that the debt/equity ratio had been reduced. Year-end net debt was £382m and shareholders funds were £718.4m (£763.8m).

The group had exercised its

right to convert its £115m convertible bonds into convertible preference shares and had issued a £200m, 35-year debenture. The group also has over £600m of bank facilities.

The group's debt now has an average maturity of 19 years at an average cost of 9.58 per cent. Mr Weston Smith said that there had been a slight increase in the proportion of voids in the portfolio to 3 per cent, but that 50 per cent of the group's properties were occupied either by government agencies or FT-SE 100 companies.

The UK office portfolio had fallen in value by 12.2 per cent, but within that City of London offices had fallen by 11.4 per cent compared with a 31 per cent drop the previous year.

## CHLORIDE EGYPT

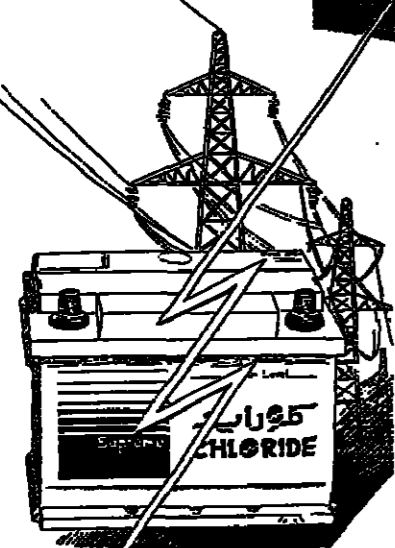
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مركز التحليل

Order book exceeds £700m of which 95% will go overseas

## Vosper improves to £19m

By Andrew Bolger

A STRONG export performance helped Vosper Thornycroft Holdings, the shipbuilding and engineering group, sail through the gloom which has gripped other defence contractors.

The Southampton-based company yesterday reported a 19 per cent increase in pre-tax profits to £19m in the year to March 31. Sales rose by 25 per cent to £196m.

Mr Peter Usher, chairman, said the group's order book remained in excess of £700m, of which 95 per cent will go overseas - mainly to the Middle East and Far East.

Vosper Thornycroft is currently making no plastic-bulldoze minehunters, but hopes soon to receive funding for another three from Saudi Arabia, and a further batch from the Royal Navy. It has also tendered to build six minehunters for both Australia and Turkey.

Mr Martin Jay, managing director, said work on new steel ship orders for Oman, Qatar and the UK's Customs and Excise was progressing well.

The policy of broadening the group's business base into related fields continued, with non-defence order input up from £14m in 1992 to £16m in 1993.

Cash balances stood at £30m at the year-end, of which about

£50m could be used for acquisitions. Mr Jay said he wanted to take a measured approach, making acquisitions in areas which were related to the core business.

Earnings per share rose 19 per cent to 41.3p (34.8p). A final dividend of 11.1p (9p) gives a total for the year of 15.3p (13.1p), an increase of 21 per cent. The company said it had increased the dividend by this exceptional amount so as to compensate institutional shareholders for the reduction in the rate of Advance Corporation Tax.

### COMMENT

These results caused Vosper Thornycroft's shares to close

22p higher at 585p yesterday - completing a striking rerating from their level of 240p of March last year. It has taken the market some time to realise that not all defence companies deserve to be in the dog house - and Vosper Thornycroft's strong overseas order book continues to impress. Forecast pre-tax profits of £20m put the shares on a prospective multiple of 13.8, a slight discount to the market. However, in spite of the dividend rise, the prospective yield of 3.5 per cent is substantially below the market average. The shares are likely to take a breather, at least until there are more firm orders from the Royal Navy or Saudi Arabia.



Peter Usher (left) and Martin Jay: broadening the business base

## Stakis £2.83m back in profit

By James Buxton, Scottish Correspondent

STAKIS, the hotels and casinos group, continued its recovery in the first half and achieved pre-tax profits of £2.83m.

That compared with a £3.39m loss previously, restated in accordance with the FRS 3 accounting standard.

It has restored payment of an interim dividend with 0.45p for the six months to April 1. Earnings per share were 0.84p against losses of 1.24p.

Mr David Michels, chief executive, said the Glasgow-based company's improved performance was due largely to its own efforts at improving margins and controlling costs, rather than to increased demand. "We've not seen any green shoots at all in hotels, though turnover in casinos is up slightly," he said.

Stakis, which was subject to a rescue led by Sir Lewis Robertson, chairman, in 1991 after ill-judged expansion, recently sold its nursing homes division for £50m to a syndicate led by Electra, making an extraordinary loss of £47.7m. It also raised £26m in a rights issue. It now concentrates on hotels and casinos.

The hotels division improved its operating profit by 35 per cent to £8.1m (£6m) thanks mainly to better margins and higher occupancy levels.

Casinos' operating profits increased from £3.1m to £5.4m, due to improved trading fol-

lowing the group's decision to keep the activity as a core business. The Scottish casinos maintained the previous year's performance, while those in England improved.

Turnover on continuing operations was £64.8m in the 27-week period (£62.3m in 26 weeks).

Sir Lewis Robertson said: "It's a recovery in the sense that there is no illness now, and there is more to come as the economy improves. It's been a team effort working on fundamentally good material."

### COMMENT

The arcane debate about whether Stakis is off the sick list ought now to be concluded in the affirmative. It is a much smaller company than it was, but the two divisions which remain are sound and the management gives a comforting impression that, unlike its predecessor, it is not likely to do anything stupid. The fact that it made yesterday's profits without seeing any green shoots is austerely encouraging, and they reflected only a few weeks of the reduced interest payments that followed the disposal and rights issue. What happens next depends partly on how provincial hotels perform this summer. The market is looking for full-year profits of about £9m for a p/e of 17. But potential profits of £14m-£15m in 1993-94 are not yet fully in the share price unchanged yesterday at 55p.

## US clarifies trading of Zeneca during rights

By Maggie Urry

THE US Securities and Exchange Commission has clarified the trading rules for underwriters of the Zeneca £1.3bn rights issue.

Since shares of Zeneca, the bioscience business demerged this week from Imperial Chemical Industries, are to be listed in New York as well as London, the SEC's rules have to be complied with.

However, whereas normally there are restrictions on underwriters throughout such an offer period, the restrictions on Zeneca's underwriters will

only cover the last five days up to the close on June 21.

Underwriters will be able to trade normally if the Zeneca share price is either below the 600p rights issue price or more than 666p. Yesterday the shares closed at 634p, up 4p.

If the share price is between 600p and 666p, underwriters can only trade "passively" the SEC says. This means they can respond to client orders and deal at the market price. But they cannot generate trades or "lead" the market.

Meanwhile, shares in new ICI, rose further yesterday, up 38p to 674p.

## Anglian Group advances 24% to £23m

By Peggy Hollinger

LOWER INTEREST charges helped Anglian Group, the double glazing company which came to the market last year, announce a 24 per cent jump in pre-tax profits from £18.6m to £23.1m.

Operating profits, struck on sales 4 per cent higher at £151.4m, were only marginally ahead from £23m to £23.2m for the 53 weeks to April 3. However, the pre-tax return was helped by a £4.5m drop in interest charges to £1.2m. The results compare with the 53 weeks to March 28 1992.

Mr Bill Hancock, chief executive, said he was reasonably pleased with the improvement in sales and profit given the tough conditions in the market. The company

estimated that the overall UK market had declined by about 10 per cent in the past year.

Mr Hancock said the group had experienced particularly tough trading following the devaluation of sterling and withdrawal from the exchange rate mechanism.

However, consumer confidence appeared to have picked up in the final quarter. The overall order book had risen by about £5m from the start of the year to £35m on the back of stronger retail interest.

The commercial division, which performed largely public sector work, had a slightly lower order book than last year. However, it now comprised about 15 per cent of sales, against 10 per cent. The larger proportion of public sector work

was partly responsible for a decline in margins from 15.8 per cent to 15.3 per cent.

Mr Hancock said the group expected benefits in the current year from the £8.5m purchase in March of New England Windows, which supplies local authorities in England and Wales.

On a pro forma basis, which assumes that the capital reorganisation and share issue at the flotation had been in place for the last financial year, Anglian showed a 6 per cent advance to £24.2m pre-tax.

The proposed final dividend of 5.8p makes 9.5p for the year. This compares with a notional pay-out of 8.7p on a pro forma basis. Earnings fell from 18.9p to 18.7p per share, based on the pre-flotation share structure.

## Birkdale placing and offer to raise £1.95m

BIRKDALE Group, which is involved in advertising, public relations and marketing, is raising about £1.95m net through the placing of 21.78m new ordinary shares at 10p.

The shares have been conditionally placed subject to an open offer to shareholders by Apex Partners on the basis of 11-for-8. The proceeds will be used to reduce indebtedness and provide additional working capital to enable the group to continue trading.

The group's shares fell 28 per cent yesterday, from 28p to 18p.

Following the placing and

offer, the company proposes to subdivide each existing share into one new ordinary with a nominal value of 5p and one deferred share with a nominal value of 20p, which the company proposes to buy back and cancel.

Birkdale has also entered agreements with Stax Investments International as a development partner for Thamesford Farm near High Wycombe in Buckinghamshire.

An extraordinary meeting is being held on June 25 to consider the proposals. Dealings in the new shares are expected to begin on June 28.

## ICD sells 75% stake in Database to management

INTERNATIONAL Communication & Data, the USM-quoted provider of direct marketing data, is disposing of 75.1 per cent of its interest in loss-making The Database Group, to existing management and financial backers.

ICD, which has changed its year end to May 31, also announced a pre-tax loss of £491,000 for the 12 months to February 28 against profits of £1.14m.

The result includes losses of £415,000 from TDG and £1.05m of exceptional charges. Turnover was £8.8m (£9.6m).

Mr David Cienrel, chairman, said that the three months to May were a period of low seasonal activity which usually

traded at a loss. The results for the 15 months would therefore include such losses as well as provisions in respect of group properties and the effect of a new accounting policy to record the value of the databases.

TDG, which comprises the businesses of Lindor and Compass and the consulting arm of ICD, is being sold for cash to Quayshelco 490, formed for the purpose of the acquisition by Mr Les O'Reilly, who will resign as a director of ICD on completion of the sale.

The disposal, which will allow significant head office economies, should restore profitability, Mr Cienrel said.

### DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding dividend	Total for year	Total last year
Anglian	5.8	Sept 9	8.5	14.3	12.5
Bercom	1.25	July 15	3.25	4.5	3.25
Cupid	0.9	June 30	0.9	1.8	0.9
Foreign Cot PEP	6.5725	Oct 1	6.05	12.6225	9.075
Siebel	0.45	-	0.45	0.9	0.45
Stake	1	-	2.75	3.75	3.25
Sturge	14.1	-	12.8	26.9	19.2
Thomas Water	11.1	-	9	20.1	13.1
Vosper Thornycroft	0.75	Oct 2	0.25	1.0	0.25
Wood (SW)	14.2	Oct 1	13	27.2	18.5
Yorks Water	-	-	-	-	-

Dividends shown pence per share net except where otherwise stated. †On increased capital. USM stock.

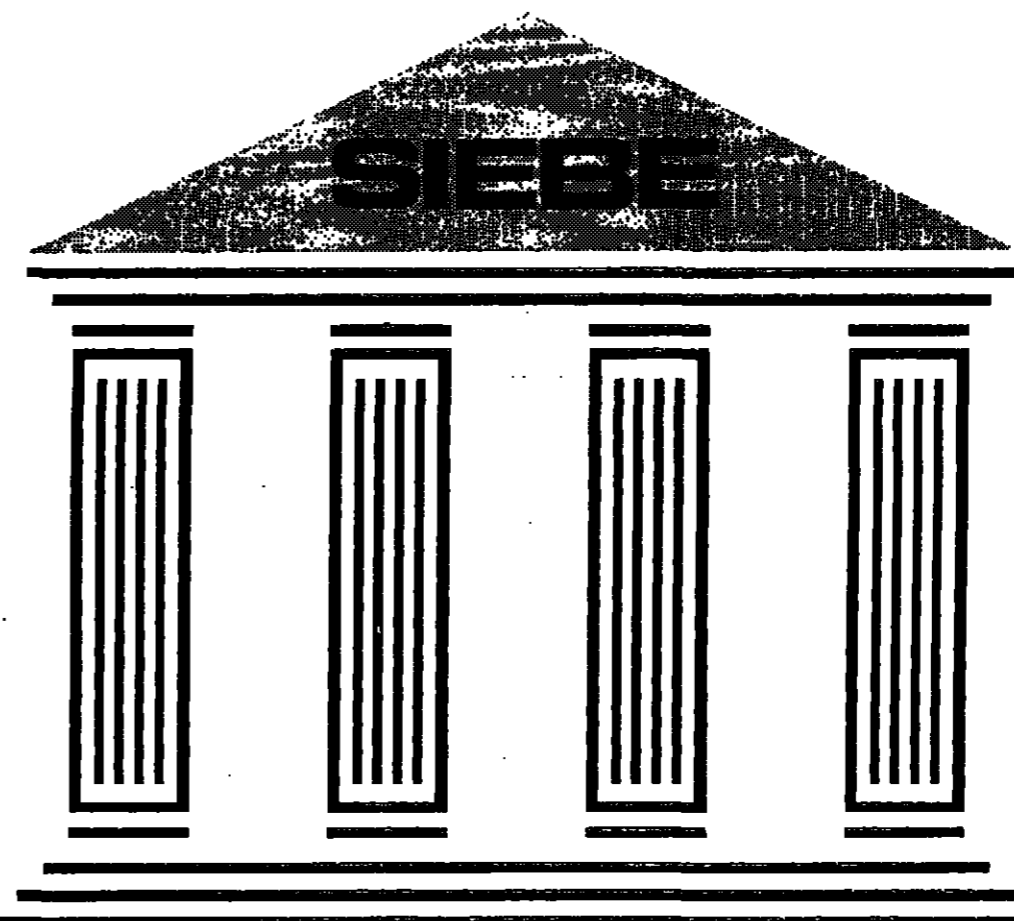
### NOTICE TO HOLDERS OF THE 6% CONVERTIBLE DEBENTURES DUE 2003 OF THE GOODYEAR TIRE & RUBBER COMPANY

Notice is hereby given that, in accordance with the provisions of that certain Indenture, dated as of July 7, 1988 (the "Indenture"), between The Goodyear Tire & Rubber Company ("Goodyear") and Chemical Bank, as successor to Manufacturers Hanover Trust Company, Trustee (the "Trustee"), pursuant to which Goodyear issued U.S. \$150,000,000 in principal amount of 6% Convertible Debentures Due 2003 (the "Debentures"), the Conversion Price of \$80.25 set forth in the Debentures is adjusted to \$40.12 per share of Common Stock, without par value, of Goodyear (the "Common Stock"), effective May 1, 1993. The Conversion Price has been adjusted in accordance with Section 1304 of the Indenture as a result of and to reflect the two-for-one split of the Common Stock distributed on May 4, 1993 in the form of a dividend of one share of Common Stock on each share of Common Stock outstanding at the close of business on April 30, 1993.

Accordingly, from and after May 1, 1993, each holder of a Debenture is entitled, subject to compliance with the provisions of the Indenture, at his option at any time on or before the close of business on July 7, 2003, or on or before the close of business on such earlier date as of which such Debenture is redeemed by Goodyear, to convert the Debenture, at the principal amount of such Debenture, into fully paid and non-assessable shares of Common Stock at a Conversion Price equal to U.S. \$40.12 aggregate principal amount of Debenture for each share of Common Stock.

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Barrie Stephens, Chairman and Chief Executive Officer

Results for the year ended 3rd April 1993	1993	1992
Turnover	£1,632.0m	£1,628.0m
Profit before tax	£169.6m	£169.6m
Earnings per share	23.8p	23.8p
Dividend per share	9.075p	9.075p
Final dividend	6.05p	6.05p

Siebe plc, Saxon House, 2-4 Victoria Street, Windsor, Berkshire SL4 1EN, England.







## KOREA 2

## ■ THE ECONOMY

## Growth target set at 6%

Most countries would have been happy with South Korea's GNP growth rate of 4.7 per cent last year. But South Koreans regarded the performance as being close to disastrous because it marked a 12-year low in economic growth.

Small wonder, then, that Mr Kim Young-sam, in an attempt to gain popularity during his first month as the country's new president, announced in March a stimulative package to show he was rapidly tackling economic problems. The government has set a 1993 growth target of 6 per cent.

The main cause of the economic slowdown last year was sluggish demand for Korean exports in its main overseas markets - the US, the EC and Japan - which were in the middle of a recession. At home, a tight monetary policy, which had been imposed to cool the overheated economy, dampened domestic demand.

The quick-fix economic plan proposed by Mr Kim included providing subsidised loans to small and medium-sized companies, which suffered a record number of bankruptcies in 1992.

Administrative rules hampering business investment were eased. A cut of 0.5-1 per cent in regulated interest rates, which caused commercial rates to fall below 10 per cent, was meant to boost fixed investments, which contracted by 5.3 per cent last year. The government also brought forward planned spending on infrastructure projects.

Mr Cho Soon, a strong advocate of the tight money policy, was dismissed as governor of the central bank and replaced by Mr Kim Myung-ho, who supported the government's decision to increase the money supply this year.

Critics, however, dismissed the plan as a panic reaction which would do little to solve the structural problems that are hampering the country's economic development.

The central problem confronting Korea's export-led economy is the loss of international competitiveness due to the rise in labour and production costs that followed the introduction of democracy and



Some fear that easing credit curbs will rekindle inflation. Picture: Ashley Ashwood

the growth of the trade union movement. Productivity growth has not matched wage increases. This development has coincided with increased trade competition from low-cost producers, such as China and the south-east Asia countries.

Korea needs to increase the development of higher value-added products, while reducing its dependence on labour-intensive light industries. But the necessary industrial restructuring is being blocked by an ossified and government-dominated financial system which is causing distortions in capital allocation.

Mr Kim's announcement that he was delaying proposed financial liberalisation measures - including interest rate deregulation, because it could adversely affect economic growth this year - increased doubts about the new administration's commitment to economic reform.

Instead, the new government appeared to be falling into the same "stop-and-go" pattern of economic policy that characterised the previous administration of President Roh Tae-woo, which boosted growth through state intervention when the economy grew sluggish and then applied the monetary brakes when the economy overheated in reaction to the

stimulation measures.

"The number one priority of the new government is economic recovery. They are reluctant to do anything that would hurt that recovery," said Mr Lee Hahn-koo, president of the Daewoo Research Institute.

But some economists argue that the government should have given the stabilisation policy another six months or a year to work. They fear that loosening credit controls now will rekindle inflation just as it is about to be brought under control. Inflation fell from 9.3 per cent in 1991 to 6.2 per cent in 1992.

The government, however, argues that inflation will remain low because of proposed limits on prices and wages. Salaries for state employees have been frozen, along with charges for government services. The Korea Federation of Trade Unions has tentatively agreed to accept a guideline on wage growth of 5-9 per cent this year against 16 per cent in 1992. The nation's big conglomerates have promised to limit price increases on consumer products.

However, restrictions on wages could undermine the government's effort to stimulate the economy, which has relied heavily on domestic demand for growth during the past few years.

Low wage growth this year is believed likely to encourage consumers to save rather than spend, particularly when the economic outlook remains uncertain. Growth in private consumption has already fallen from 11.5 per cent in 1990 to 6.4 per cent in 1992.

The government hopes to revive industrial investment as a means to boost growth, but that tactic also looks uncertain. Many industries have cut back on investments because they are already burdened with excess production capacity after a feverish expansion of facilities between 1986 and 1991.

One indication of weak corporate investment demand is that the banks are finding it difficult to lend money to creditworthy borrowers for the first time in a decade despite falling interest rates.

There are worries, however, that companies may take advantage of the improved credit environment to expand into new business areas rather than make sound investments in facilities and research and development.

Instead of business diversification, "companies will need to become more efficient in order to regain their international competitiveness," according to the Seoul office of Barclays de Zoete Wedd. "The one risk is that the government's loose monetary policy may lead to... delaying the pain which many companies need in order to establish a sound business base."

Many private economists estimate GNP growth will reach only about 5 per cent this year because domestic demand will not significantly improve.

One bright spot, however, is the growth in exports. This is primarily the result of the Korean won's depreciation against the Japanese yen, which has boosted sales of vehicles, petrochemicals, semiconductors and ships. But rising exports also reflect the willingness of Korean producers to accept marginal profits on overseas sales to reduce the excess stock that has built up due to faltering domestic demand.

John Burton

## ■ ECONOMIC REFORMS

## Government has retreated

WHILE the new administration of President Kim Young-sam has moved rapidly to introduce political reforms, it has made a slower start on promised economic reforms.

That emphasis on priorities reflects the Mr Kim's personal preference for politics instead of economics, a subject about which he readily confesses he knows little. Nonetheless, the new president has surrounded himself with economic reformers who want to reduce government control over the highly centralised economy and replace it with a structure based on autonomy and market forces.

The current system, which was once praised as a model for developing countries, is now criticised as outdated for Korea's mature economy. The government no longer appears able to guide industrial development efficiently. Instead, the bureaucracy's taste for micro-management is hindering a necessary restructuring of industry.

Mr Kim's administration initially appeared ready to make rapid changes when it announced in March that most lending rates would be deregulated this spring, while the practice of holding financial accounts under pseudonyms would be banned in an effort to combat tax evasion.

But the government almost immediately retreated from these promises, explaining that the measures would exacerbate the country's economic problems. Deregulation would drive interest rates higher, while the requirement to use real names in financial transactions would cause a flight of capital abroad that could result in a credit squeeze, officials said.

Similar arguments have been used by previous administrations in justifying the postponement of deregulation. The new government's reversal on these key reforms provoked doubts about whether it is committed to a radical restructuring of the economy.

Mr Suh Sang-mok, an influential ruling party MP, blamed administrative confusion among new policymakers for the stumbling start on economic policy.

"Economic reform is a critical issue. The Korean economy will be in disastrous shape if reform is postponed any further. The new government is committed to it," he said.

The true test of the government's commitment is its ability to fulfil the extensive list of reforms contained in the draft of its five-year (1993-1997) economic plan, which was released last month. The guidelines cover three main areas:

● **Fiscal policy.** The government wants to promote economic equality by increasing the share of the public paying income taxes from the current level of 46 per cent, while raising tax revenues from 19.4 per cent of GNP in 1992 to 22 per cent by 1997.

It believes it can achieve this, while lowering actual income tax rates. Instead, it will crack down on widespread tax cheating and close tax loopholes. It plans to curb speculation in property and securities by imposing tougher land taxes and introducing a capital gains tax.

However, the fate of the "real name" financial transaction system, which is considered instrumental in reducing tax



Seoul. Restrictions on foreign exchange transactions will be eased. Picture: Ashley Ashwood

evasion and eliminating insider share trading, remains vague. The government only promises to "create an environment conducive" to its introduction and plans to propose an action plan for its implementation.

The government, meanwhile, will cut its personnel costs and shift its budget priority from defence to improving the nation's infrastructure, which is now considered a bottleneck to industrial development. Spending will rise for roads, railroads, harbours, airports, storage facilities and water treatment.

● **Financial reform,** which includes easing state controls on the banking sector

Most lending rates will be liberalised later this year, while almost all interest rates will be deregulated by 1996

and reducing the government's role in credit allocation.

Most lending rates will be liberalised later this year, while almost all interest rates will be deregulated by 1996. Restrictions on foreign exchange transactions will be eased, while regulations on overseas investment, foreign borrowings and local financing will be simplified or abolished. The central bank will be granted more independence to control the money supply.

The proposed reforms, however, threaten the survival of the banking industry, which carries a heavy burden of bad loans. The bad loans are the result of prior government policy requiring banks to give loans at low rates to strategic industries.

The reforms will force a reorganisation of the banking industry. Korea's 23 commercial banks will be encouraged to merge into bigger units and will be allowed to expand into other financial sectors to broaden their earnings base. Banks will also be granted more autonomy in managing their assets - and their presidents will no longer be appointed by

the state.

● **Industrial policy.** The government has two main goals in industrial restructuring. One is to reduce the economic dominance of the nation's large conglomerates, or *chaebol*, while promoting the growth of small and medium-sized companies. The other is to boost research and development spending because Korea lacks strength in advanced manufacturing industries that offer export potential.

Credit controls on the *chaebol* will be abolished as part of financial liberalisation. But they will be replaced by tougher anti-trust laws to force the *chaebol* to concentrate on a few core businesses instead of operating a wide range of diversified activities. Institutional investors will be encouraged to increase their shareholdings in the *chaebol* to reduce the influence of the family owners that now dominate them. Restrictions on individual *chaebol* will be eased if the group has a wide shareholder base.

The government will cease targeting industrial sectors for support and protection, but will provide incentives for companies to increase R&D spending and conclude technical alliances with foreign partners to acquire technology.

These broad proposals, however, are already subject to modifications as the various government ministries negotiate in preparing a detailed blueprint for the plan that is due by the end of June. There is concern that the reforms could still fall foul of entrenched interest groups and other political factors that have stymied previous attempts at change.

"The new government has difficult economic problems because previous governments have deferred decisions on introducing reform," says Mr Sakong II, a former finance minister and the current chairman of the Seoul-based Institute for Global Economics. "The one advantage this government has is that the environment to take tough decisions has improved because it has strong public support."

John Burton

## ■ RELATIONS WITH NORTH KOREA

## Threat of confrontation

A YEAR ago, there was optimism that North and South Korea were on the path to reconciliation and eventual peaceful unification.

The two countries had signed a non-aggression pact and a non-nuclear treaty in December 1991. This was followed by North Korea's acceptance last spring of nuclear inspections by the International Atomic Energy Agency (IAEA) in an apparent attempt to dismiss suspicions that it was developing a nuclear weapon.

But relations since then have deteriorated to the point where the threat of a military confrontation on the Korean peninsula has become a frightening possibility.

The current crisis was sparked by North Korea's announcement on March 12 that it was withdrawing from the nuclear non-proliferation treaty (NPT), an action that increased worries that Pyongyang was determined to develop a nuclear weapon.

The roots of the crisis, however, can be traced back to Seoul's demand last year that North Korea accept challenge inspections of suspected nuclear facilities in compliance with the bilateral non-nuclear treaty.

Pyongyang refused the request, which blocked progress in inter-Korean talks. Seoul then adopted a carrot-and-stick policy. The carrot consisted of offering aid to help rescue North Korea's struggling economy if Pyongyang accepted inspections.

The stick was the resumption of the annual US-South Korean military "Team Spirit" exercise, which had been suspended in 1992 as a goodwill gesture in response to North Korea's signing of the non-nuclear treaty with the South.

Pyongyang has routinely condemned previous Team Spirit exercises as a rehearsal for a possible attack against North Korea. If the Pyongyang leadership seriously believes its own propaganda, this year's Team Spirit may have seemed particularly alarming.

The holding of Team Spirit in mid-March occurred shortly before the expiry of a deadline set by the IAEA for it to be allowed to inspect two unreported facilities believed to contain nuclear waste. Examination of the waste material might confirm IAEA suspicions that North Korea is producing more bomb-grade plutonium than it has declared.

Pyongyang then pulled out of the NPT, explaining it was doing so in response to Team Spirit and the IAEA special inspection demand, which it described as "seditious political machination aimed at forcing us to open military objects and bases and thereby leaving us disarmed militarily." If it

hardship, while winning the backing of the military, which is sceptical about his leadership ability.

Another theory is that North Korea is using its threat of withdrawal in a desperate attempt to win concessions for its return to the NPT. These could include gaining diplomatic recognition from the US and Japan, the right to inspect US military bases in South Korea, a promise by the US not to attack North Korea, and the permanent suspension of Team Spirit.

North Korea's diplomatic brinkmanship has paid dividends in the past. It successfully managed to avoid falling under the influence of either

The NPT withdrawal caught off guard South Korea's new president who wanted a more flexible diplomatic approach to North Korea

agreed to the IAEA inspection, North Korea would also create a precedent for accepting similar inspections by South Korea. Many observers concluded that North Korea dropped out of the NPT because it feared that the IAEA was close to discovering that Pyongyang was indeed developing nuclear weapons despite denials. North Korea is committed to a producing a nuclear weapon because Pyongyang views it as the ultimate guarantee against the country's absorption by the South, according to these analysts.

The nuclear programme "would provide the means to bargain with the outside world for its acceptance of the permanent division of Korea," Mr Zbigniew Brzezinski, the former US national security adviser, said in Seoul recently.

But there have also been other explanations for the North Korean action. One is that it is connected to transfer of power from President Kim Il-sung to his son, Mr Kim Jong-il. The junior Mr Kim seemed to create a crisis atmosphere to rally public support for his gradual assumption of power at a time of economic

hardship, while winning the backing of the military, which is sceptical about his leadership ability.

Another theory is that North Korea is using its threat of withdrawal in a desperate attempt to win concessions for its return to the NPT. These could include gaining diplomatic recognition from the US and Japan, the right to inspect US military bases in South Korea, a promise by the US not to attack North Korea, and the permanent suspension of Team Spirit.

North Korea's diplomatic brinkmanship has paid dividends in the past. It successfully managed to avoid falling under the influence of either

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China or the Soviet Union, its Cold War patrons, by skillfully playing off the two Communist rivals against each other. Pyongyang possibly believed that a diplomatic gamble with the west could succeed now when new administrations were taking office in Seoul and Washington.

Recognition by the US and Japan may be Pyongyang's chief goal. This would reverse the diplomatic defeat North Korea suffered when Moscow and Beijing established relations with South Korea.

The NPT withdrawal caught off guard Mr Kim Young-sam, South Korea's new president, who wanted a more flexible diplomatic approach to North Korea. The current crisis has also set back hopes in Seoul that the problem of unification might be solved between the two Koreas without involving the regional powers, the US, Japan, Russia and China. That has been considered a desirable goal because it would symbolise Korea's autonomy in deciding its own fate after a century of being dominated by outside powers.

But South Korea is now relying on the US and China to

intercede directly with Pyongyang to solve the NPT issue before North Korea's withdrawal formally takes effect on June 12. Seoul could see the issue slip further from its control as the UN Security Council becomes involved in the crisis, including possibly imposing economic sanctions on North Korea if it does not reverse the NPT decision.

Moreover, the crisis has exposed underlying tensions between Seoul and the US. Seoul favours a conciliatory policy toward Pyongyang because it fears that a hardline response could push the peninsula into war. It is willing to grant diplomatic and economic concessions if North Korea returns to the NPT.

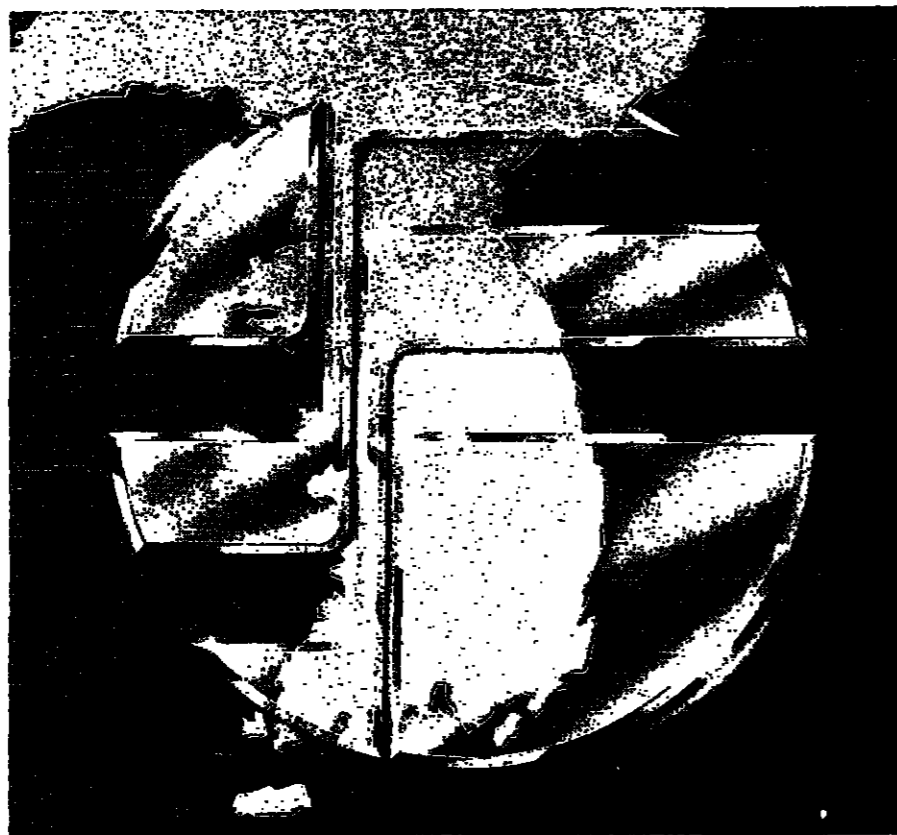
The US is likely to adopt a tougher attitude on North Korea because it views the nuclear issue in a global perspective. It wants to prevent North Korea's permanent withdrawal from the NPT because it could encourage other nations to do the same. The US also fears that a renegade North Korea could provoke a nuclear arms race in north-east Asia, while becoming the supplier of nuclear technology to other anti-western nations.

But the Clinton administration, already preoccupied with other international crises such as Bosnia, may be willing to concede diplomatic recognition as the price to be paid for encouraging North Korea back into the treaty and accepting inspections from South Korea.

Whether North Korea would accept such a deal depends on its true intentions in provoking the crisis.

Even if the nuclear inspection issue is resolved, North Korea will remain an unstable place. North Korea's rulers face a painful and profound dilemma. They must open the country to economic reforms to prevent its likely collapse from growing shortages of food and fuel, but to do so could cause political instability that threatens the survival of the current regime.

John Burton



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## KOREA 3

## FOREIGN DIRECT INVESTMENT

## A daunting task ahead

"The Koreans want only three things from us. They want our cash, they want our technology and they want us out."

The remark, from a senior western businessman in Seoul, contains a nugget of truth even if it is not wholly serious. It also illustrates a genuine and pressing problem for the Korean economy.

Historically, Korean industry's competitive edge was largely based on cheap labour. In the past few years, that advantage has disappeared. Korea now urgently needs technology to allow it to compete with the developed world. Generating that technology will take time. In the meantime, Korea needs to import it.

But when it comes to foreign direct investment, the Korean tradition is scarcely welcoming. "They're not very internationally minded," says Mr Alan Timblich, head of Barclays Bank in Korea. "A foreigner making profits is still seen as exploiting Korean workers. And they don't want to see the re-conquest of the peninsula by the Japanese by financial means."

The point is developed by Mr Sakong II, formerly Korea's finance minister. "Korea was exceptional among most developed nations in that it relied principally on foreign-borrowed capital rather than equity. One reason was the experience of Japanese colonialism. There was a reluctance at the level of both government and firms to allow direct investment. Another reason is that Koreans are independent by nature. If two Korean companies agree to share technology, that's big news here."

"A third factor is economic. Korean companies had negative real interest rates, because

of fiscal subsidies and high inflation. From the viewpoint of a Korean entrepreneur, if you allow foreigners to get equity you have to share those benefits. The government wasn't very accommodating for the same reason."

Of late, however, the foreigners have started to get the message. Mr Jack Leber of Samsung, co-chairman of the American Chamber of Commerce's investment committee in Korea, says: "Foreign investment has been down for the past four years and last year Korea was ninth out of nine countries for investment in Asia. You've now got \$50m a day going into China and the Koreans can see that."

Mr Timblich says: "The Koreans are waking up to the foreign exodus. For the first time last year, more companies left than arrived. That affects their pride. It's one thing to be suspicious of foreigners raking in profits. It's another to be shunned. It's exactly what they don't need at a time when they should be upgrading their technology."

Most foreign involvement in Korean industry is in the form of joint ventures, which can be notoriously tricky in any country. Since the late 1980s, it has been possible for a foreign company to hold a majority stake in a joint venture, or even to own a Korean business outright. But, says Mr Alan Timblich, head of ICI in Korea, "foreigners are forbidden to hold land, unless in pharmaceuticals. If you're a pharmaceutical company, you can build a plant. If not, you can own the business 100 per cent, but you can't build the factory. So in commodity chemicals, for instance, you'd still want a local partner—partly for market access, but mainly to get hold of a land bank."

Another advantage of having a local partner, says Mr Timblich, is that it brings access to the relevant trade association. "That's vitally important to market access," he says. A local partner will also be able to get hold of finance. "It's very difficult for a foreign company to persuade a Korean bank to lend. Even a big company has to go through the local branch manager, who never heard of you. That's changing a little bit, but the domestic banking system is still very unsophisticated."

But, says Mr Timblich, the history of joint ventures in Korea is not happy. "There have been far more divorces than silver weddings. A foreign manager will want to run his company according to criteria and accounting principles determined at head office level. The Korean partner is likely to argue that in Korea you don't go for return on capital but for market share, at least until you've eliminated your competitor. It gets worse when you find the manufacturing plant has outgrown the domestic market and the Koreans want to move into overseas markets."

Last year, a joint venture in vehicles between General Motors and Daewoo broke up for just that reason, with Daewoo buying out GM's 50 per cent holding.

Another commonly cited problem is the lack of protection for intellectual property. Mr Timblich says: "The law on the statute books is now as good as anyone else's, but the policing is patchy. In the Confucian culture, the tradition is that the scholar talks to the people and that thought is free. The concept of ideas as property is not well understood by the people, and the government has a lot of trouble explaining that copying Gucci tracksuits or American software is a crime."

There is general agreement that the new government is making genuine efforts to encourage investment—"to liberalise 50 years of xenophobic constraints", as one executive puts it.

But it is not plain sailing. Mr Leber tells of how Cargill, the giant US food company, submitted an application to set up a soyabean processing plant in December 1988. "The local competition here made a 30-minute video to show how they'd be hurt by it," he says. "They finally got approval in January 1993. A similar application in Japan took only two years. Now they're considering whether China might be a better bet."

In any case, say the foreigners, the government is still only at the stage of removing barriers, rather than providing active encouragement. "The Koreans have to realise," Mr Timblich says, "that their traditional approach of nibbling at a mountain of constraints is not good enough. China, Taiwan and Malaysia are offering incentives. Korea's just offering fewer disincentives."

Mr Leber agrees. "In the four years I've been here, the Koreans have moved, but others are moving faster. In China, things are moving fast and they're making it easy."

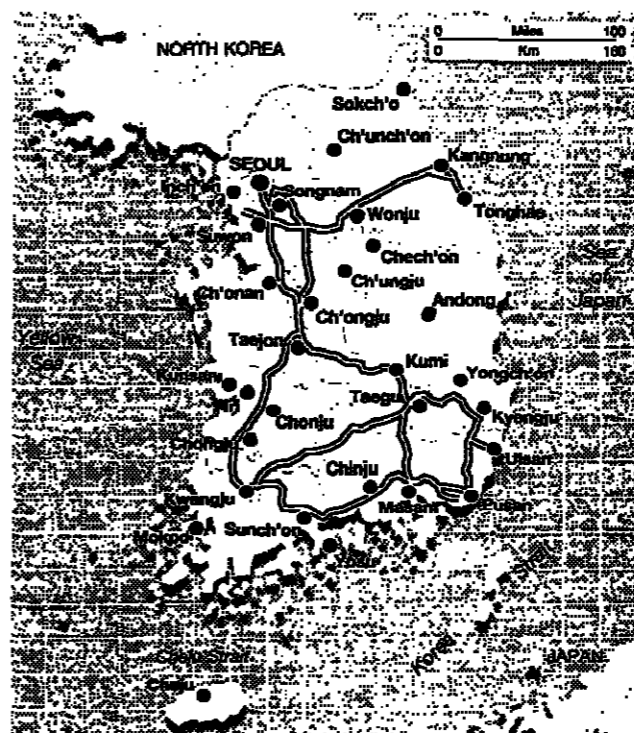
There is also disagreement about how fundamentally



Computers under construction at a Daewoo assembly line. Korea is the second most advanced industrial nation after Japan, says Alan Twist



Sakong II: 'Korea was exceptional among most developing nations'



the financial system, or the legislation. It's still frontier land."

Either way, Korea has little choice but to make itself more attractive. It may even have to woo its traditional enemies. Mr Timblich says: "The government needs to change its mind on the Japanese. That's very difficult, and it's unclear how it can be brought about. But they have in the past. And what's happened in the past few months is really remarkable."

They need to change, and that'll be a challenge. But I think they'll do it. They have in the past. And what's happened in the past few months is really remarkable."

Tony Jackson

## KEY FACTS

Area	96,445 sq km
Population	43.6 million (1992 estimate)
Head of State	President Kim Young-sam
Currency	Won (₩)
Average Exchange Rate	1991 \$1=₩733.4 1992 \$1=₩780.6

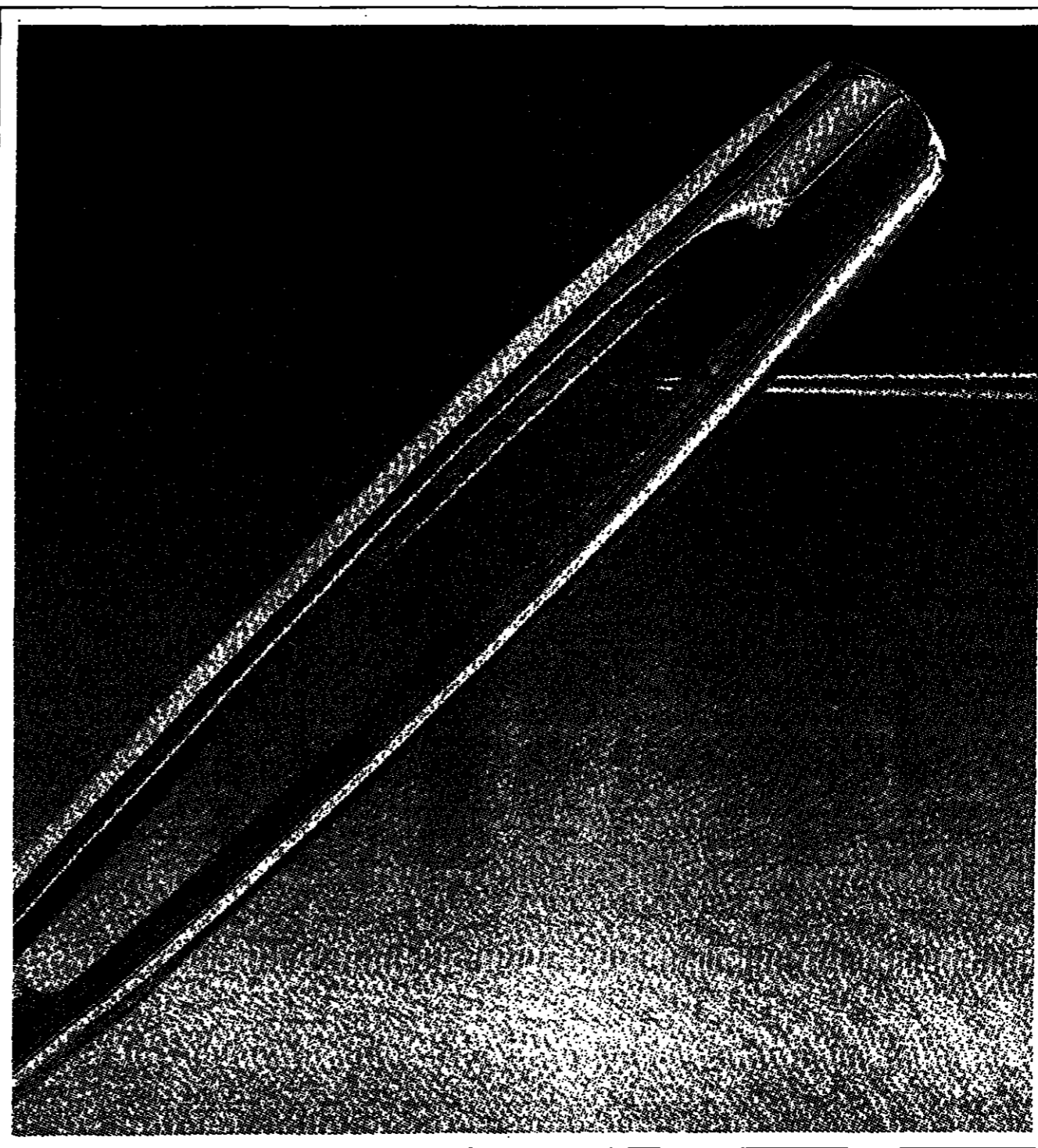
## ECONOMY

	1991	1992
Total GDP (\$bn)	292.9	296.4
Real GDP growth (%)	8.4	5.0
GDP per capita (\$)	6,534	6,800
Components of GDP (%)		
Private Consumption	52.7	
Total Investment	39.1	
Government Consumption	10.8	n.a.
Exports	29.4	
Imports	-31.9	
Consumer prices		
(% change pa)	9.3	6.2
Industrial Production		
(% change pa)	8.7	4.5
Reserves minus gold		
(\$bn, Dec)	13.7	17.1
Broad Money growth		
(% pa, average)	21.9	14.9
Govt Bond Yield		
(average % pa)	16.5	15.1
Stock Market		
(% change over year)	-12.2	11.0
Current Account Balance (\$bn)	-8.7	-4.4
Exports (\$bn)	71.9	76.8
Imports (\$bn)	81.5	81.7
Trade Balance (\$bn)	-9.6	-4.9
Total external debt (\$bn, Dec)	38.7	n.a.
Main Trading Partners		
(1991, % by value)	Exports	Imports
USA	25.8	23.2
Japan	17.3	25.9
Hong Kong	6.6	-

Notes: \* = Korea Composite Index

Sources: IMF, Datastream, Economist Intelligence Unit

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Algeria	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2429	2430	2431	2432	2433	2434	2435	2436	2437	2438	2439	2440	2441	2442	2443	2444	2445	2446	2447	2448	2449	2450	2451	2452	2453	2454	2455	2456	2457	2458	2459	2460	2461	2462	2463	2464	2465	2466	2467	2468	2469	2470	2471	2472	2473	2474	2475	2476	2477	2478	2479	2480	2481	2482	2483	2484	2485	2486	2487	2488	2489	2490	2491	2492	2493	2494	2495	2496	2497	2498	2499	2500	2501	2502	2503	2504	2505	2506	2507	2508	2509	2510	2511	2512	2513	2514	2515	2516	2517	2518	2519	2520	2521	2522	2523	2524	2525	2526	2527	2528	2529	2530	2531	2532	2533	2534	2535	2536	2537	2538	2539	2540	2541	2542	2543	2544	2545	2546	2547	2548	2549	2550	2551	2552	2553	2554	2555	2556	2557	2558	2559	2560	2561	2562	2563	2564	2565	2566	2567	2568	2569	2570	2571	2572	2573	2574	2575	2576	2577	2578	2579	2580	2581	2582	2583	2584	2585	2586	2587	2588	2589	2590	2591	2592	2593	2594	2595	2596	2597	2598	2599	2600	2601	2602	2603	2604	2605	2606	2607	2608	2609	2610	2611	2612	2613	2614	2615	2616	2617	2618	2619	2620	2621	2622	2623	2624	2625	2626	2627	2628	2629	2630	2631	2632	2633	2634	2635	2636	2637	2638	2639	2640	2641	2642	2643	2644	2645	2646	2647	2648	2649	2650	2651	2652	2653	2654	2655	2656	2657	2658	2659	2660	2661	2662	2663	2664	2665	2666	2667	2668	2669	2670	2671	2672	2673	2674	2675	2676	2677	2678	2679	2680	2681	2682	2683	2684	2685	2686	2687	2688	2689	2690	2691	2692	2693	2694	2695	2696	2697	2698	2699	2700	2701	2702	2703	2704	2705	2706	2707	2708	2709	2710	2711	2712	2713	2714	2715	2716	2717	2718	2719	2720	2721	2722	2723	2724	2725	2726	2727	2728	2729	2730	2731	2732	2733	2734	2735	2736	2737	2738	2739	2740	2741	2742	2743	2744	2745	2746	2747	2748	2749	2750	2751	2752	2753	2754	2755	2756	2757	2758	2759	2760	2761	2762	2763	2764	2765	2766	2767	2768	2769	2770	2771	2772	2773	2774	2775	2776	2777	2778	2779	2780	2781	2782	2783	2784	2785	2786	2787	2788	2789	2790	2791	2792	2793	2794	2795	2796	2797	2798	2799	2800	2801	2802	2803	2804	2805	2806	2807	2808	2809	2810	2811	2812	2813	2814	2815	2816	2817	2818	2819	2820	2821	2822	2823	2824	2825	2826	2827	2828	2829	2830	2831	2832	2833	2834	2835	2836	2837	2838	2839	2840	2841	2842	2843	2844	2845	2846	2847	2848	2849	2850	2851	2852	2853	2854	2855	2856	2857	2858	2859	2860	2861	2862	2863	2864	2865	2866	2867	2868	2869	2870	2871	2872	2873	2874	2875	2876	2877	2878	2879	2880	2881	2882	2883	2884	2885	2886	2887	2888	2889	2890	2891	2892	2893	2894	2895	2896	2897	2898	2899	2900	2901	2902	2903	2904	2905	2906	2907	2908	2909	2910	2911	2912	2913	2914	2915	2916	2917	2918	2919	2920	2921	2922	2923	2924	2925	2926	2927	2928	2929	2930	2931	2932	2933	2934	2935	2936	2937	2938	2939	2940	2941	2942	2943	2944	2945	2946	2947	2948	2949	2950	2951	2952	2953	2954	2955	2956	2957	2958	2959	2960	2961	2962	2963	2964	2965	2966	2967	2968	2969	2970	2971	2972	2973	2974	2975	2976	2977	2978	2979	2980	2981	2982	2983	2984	2985	2986	2987	29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Scandinavian Airlines		Swire		TWA		United	
From	To	From	To	From	To	From	To
Atlanta	London	Atlanta	London	Atlanta	London	Atlanta	London
Atlanta	Paris	Atlanta	Paris	Atlanta	Paris	Atlanta	Paris
Atlanta	Rome	Atlanta	Rome	Atlanta	Rome	Atlanta	Rome
Atlanta	Stockholm	Atlanta	Stockholm	Atlanta	Stockholm	Atlanta	Stockholm
Atlanta	Amsterdam	Atlanta	Amsterdam	Atlanta	Amsterdam	Atlanta	Amsterdam
Atlanta	Brussels	Atlanta	Brussels	Atlanta	Brussels	Atlanta	Brussels
Atlanta	Frankfurt	Atlanta	Frankfurt	Atlanta	Frankfurt	Atlanta	Frankfurt
Atlanta	Hamburg	Atlanta	Hamburg	Atlanta	Hamburg	Atlanta	Hamburg
Atlanta	Kyiv	Atlanta	Kyiv	Atlanta	Kyiv	Atlanta	Kyiv
Atlanta	Lisbon	Atlanta	Lisbon	Atlanta	Lisbon	Atlanta	Lisbon
Atlanta	Madrid	Atlanta	Madrid	Atlanta	Madrid	Atlanta	Madrid
Atlanta	Moscow	Atlanta	Moscow	Atlanta	Moscow	Atlanta	Moscow
Atlanta	Nairobi	Atlanta	Nairobi	Atlanta	Nairobi	Atlanta	Nairobi
Atlanta	San Francisco	Atlanta	San Francisco	Atlanta	San Francisco	Atlanta	San Francisco
Atlanta	Tokyo	Atlanta	Tokyo	Atlanta	Tokyo	Atlanta	Tokyo
Atlanta	Yokohama	Atlanta	Yokohama	Atlanta	Yokohama	Atlanta	Yokohama
Atlanta	Osaka	Atlanta	Osaka	Atlanta	Osaka	Atlanta	Osaka
Atlanta	Seoul	Atlanta	Seoul	Atlanta	Seoul	Atlanta	Seoul
Atlanta	Manila	Atlanta	Manila	Atlanta	Manila	Atlanta	Manila
Atlanta	Bangkok	Atlanta	Bangkok	Atlanta	Bangkok	Atlanta	Bangkok
Atlanta	Colombo	Atlanta	Colombo	Atlanta	Colombo	Atlanta	Colombo
Atlanta	Delhi	Atlanta	Delhi	Atlanta	Delhi	Atlanta	Delhi
Atlanta	Calcutta	Atlanta	Calcutta	Atlanta	Calcutta	Atlanta	Calcutta
Atlanta	Rangoon	Atlanta	Rangoon	Atlanta	Rangoon	Atlanta	Rangoon
Atlanta	Yangon	Atlanta	Yangon	Atlanta	Yangon	Atlanta	Yangon
Atlanta	Urumqi	Atlanta	Urumqi	Atlanta	Urumqi	Atlanta	Urumqi
Atlanta	Almaty	Atlanta	Almaty	Atlanta	Almaty	Atlanta	Almaty
Atlanta	Bishkek	Atlanta	Bishkek	Atlanta	Bishkek	Atlanta	Bishkek
Atlanta	Dushanbe	Atlanta	Dushanbe	Atlanta	Dushanbe	Atlanta	Dushanbe
Atlanta	Tashkent	Atlanta	Tashkent	Atlanta	Tashkent	Atlanta	Tashkent
Atlanta	Samarkand	Atlanta	Samarkand	Atlanta	Samarkand	Atlanta	Samarkand
Atlanta	Batumi	Atlanta	Batumi	Atlanta	Batumi	Atlanta	Batumi
Atlanta	Abkhaz	Atlanta	Abkhaz	Atlanta	Abkhaz	Atlanta	Abkhaz
Atlanta	Georgian	Atlanta	Georgian	Atlanta	Georgian	Atlanta	Georgian
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Atlanta	Abkhaz	Atlanta	Abkhaz	Atlanta	Abkhaz	Atlanta	Abkhaz
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Atlanta	Abkhaz	Atlanta	Abkhaz	Atlanta	Abkhaz	Atlanta	Abkhaz
Atlanta	Georgian	Atlanta	Georgian	Atlanta	Georgian	Atlanta	Georgian
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Atlanta	Abkhaz	Atlanta	Abkhaz	Atlanta	Abkhaz	Atlanta	Abkhaz
Atlanta	Georgian	Atlanta	Georgian	Atlanta	Georgian	Atlanta	Georgian
Atlanta	Armenian	Atlanta	Armenian	Atlanta	Armenian	Atlanta	Armenian
Atlanta	Azerbaijani	Atlanta	Azerbaijani	Atlanta	Azerbaijani	Atlanta	Azerbaijani
Atlanta	Abkhaz	Atlanta	Abkhaz	Atlanta	Abkhaz	Atlanta	Abkhaz
Atlanta	Georgian	Atlanta	Georgian	Atlanta	Georgian	Atlanta	Georgian
Atlanta	Armenian	Atlanta	Armenian	Atlanta	Armenian	Atlanta	Armenian
Atlanta	Azerbaijani	Atlanta	Azerbaijani	Atlanta	Azerbaijani	Atlanta	Azerbaijani
Atlanta	Abkhaz	Atlanta	Abkhaz	Atlanta	Abkhaz	Atlanta	Abkhaz
Atlanta	Georgian	Atlanta	Georgian	Atlanta	Georgian	Atlanta	Georgian
Atlanta	Armenian	Atlanta	Armenian	Atlanta	Armenian	Atlanta	Armenian
Atlanta	Azerbaijani	Atlanta	Azerbaijani	Atlanta	Azerbaijani	Atlanta	Azerbaijani
Atlanta	Abkhaz	Atlanta	Abkhaz	Atlanta	Abkhaz	Atlanta	Abkhaz
Atlanta	Georgian	Atlanta	Georgian	Atlanta	Georgian	Atlanta	Georgian
Atlanta	Armenian	Atlanta	Armenian	Atlanta	Armenian	Atlanta	Armenian
Atlanta	Azerbaijani	Atlanta	Azerbaijani	Atlanta	Azerbaijani	Atlanta	Azerbaijani
Atlanta	Abkhaz	Atlanta	Abkhaz	Atlanta	Abkhaz	Atlanta	Abkhaz
Atlanta	Georgian	Atlanta	Georgian	Atlanta	Georgian	Atlanta	Georgian
Atlanta	Armenian	Atlanta	Armenian	Atlanta	Armenian	Atlanta	Armenian
Atlanta	Azerbaijani	Atlanta	Azerbaijani	Atlanta	Azerbaijani	Atlanta	Azerbaijani
Atlanta	Abkhaz	Atlanta	Abkhaz	Atlanta	Abkhaz	Atlanta	Abkhaz
Atlanta	Georgian	Atlanta	Georgian	Atlanta	Georgian	Atlanta	Georgian
Atlanta	Armenian	Atlanta	Armenian	Atlanta	Armenian	Atlanta	Armenian
Atlanta	Azerbaijani	Atlanta	Azerbaijani	Atlanta	Azerbaijani	Atlanta	Azerbaijani
Atlanta	Abkhaz	Atlanta	Abkhaz	Atlanta	Abkhaz	Atlanta	Abkhaz
Atlanta	Georgian	Atlanta	Georgian	Atlanta	Georgian	Atlanta	Georgian
Atlanta	Armenian	Atlanta	Armenian	Atlanta	Armenian	Atlanta	Armenian
Atlanta	Azerbaijani	Atlanta	Azerbaijani	Atlanta	Azerbaijani	Atlanta	Azerbaijani
Atlanta	Abkhaz	Atlanta	Abkhaz	Atlanta	Abkhaz	Atlanta	Abkhaz
Atlanta	Georgian	Atlanta	Georgian	Atlanta	Georgian	Atlanta	Georgian
Atlanta	Armenian	Atlanta	Armenian	Atlanta	Armenian	Atlanta	Armenian

[illegible][illegible][illegible][illegible]

Compiled with the assistance of Lautro §

of the Symbol designator and thousand unit trust name. The symbols are as follows: (V) - 0001 to 1100 hours; (A) - 1101 to 1400 hours; (P) - 1401 to 1700 hours; (M) - 1701 to midnight. Daily dealing prices are set on the basis of the selection subject to a short period of the day.

[illegible]

4.27  
3.12  
2.18  
1.86  
2.30

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on ( 071 ) 873 4378 for more details.

[illegible]

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

[illegible][illegible][illegible][illegible][illegible]

	1994	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1
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<b>Adams &amp; Neville Ltd Managers (Guernsey) Ltd</b>	<b>Investment Portfolio Six (C2) Ltd</b>
PO Box 258 St Peter Port Guernsey GY	Global Managed Portfolio 101
Telephone: 01473 690001 Fax: 01473 690001	
<b>Baring Intl Fd Managers (Guernsey) Ltd</b>	<b>Kleinwortz Benson Intl Fd Mngrs Ltd</b>
PO Box 258, St Peter Port, Guernsey	NO Int.Ac.Bal.Mgmt.
Telephone: 01473 690001 Fax: 01473 690001	Emerging Markets

<b>Lazard Fund Managers (CN Ltd)</b>									
Lazard Act 7/8/92	12,225	23.84							3.17
Lazard Act 7/8/92	12,225	23.84							3.01
Lazard Act 7/8/92	12,225	23.84							2.94
Lazard Act 7/8/92	12,225	23.84							2.87
Lazard Act 7/8/92	12,225	23.84							2.80
Lazard Act 7/8/92	12,225	23.84							2.73
Lazard Act 7/8/92	12,225	23.84							2.66
Lazard Act 7/8/92	12,225	23.84							2.59
Lazard Act 7/8/92	12,225	23.84							2.52
Lazard Act 7/8/92	12,225	23.84							2.45
Lazard Act 7/8/92	12,225	23.84							2.38
Lazard Act 7/8/92	12,225	23.84							2.31
Lazard Act 7/8/92	12,225	23.84							2.24
Lazard Act 7/8/92	12,225	23.84							2.17
Lazard Act 7/8/92	12,225	23.84							2.10
Lazard Act 7/8/92	12,225	23.84							2.03
Lazard Act 7/8/92	12,225	23.84							1.96
Lazard Act 7/8/92	12,225	23.84							1.89
Lazard Act 7/8/92	12,225	23.84							1.82
Lazard Act 7/8/92	12,225	23.84							1.75
Lazard Act 7/8/92	12,225	23.84							1.68
Lazard Act 7/8/92	12,225	23.84							1.61
Lazard Act 7/8/92	12,225	23.84							1.54
Lazard Act 7/8/92	12,225	23.84							1.47
Lazard Act 7/8/92	12,225	23.84							1.40
Lazard Act 7/8/92	12,225	23.84							1.33
Lazard Act 7/8/92	12,225	23.84							1.26
Lazard Act 7/8/92	12,225	23.84							1.19
Lazard Act 7/8/92	12,225	23.84							1.12
Lazard Act 7/8/92	12,225	23.84							1.05
Lazard Act 7/8/92	12,225	23.84							0.98
Lazard Act 7/8/92	12,225	23.84							0.91
Lazard Act 7/8/92	12,225	23.84							0.84
Lazard Act 7/8/92	12,225	23.84							0.77
Lazard Act 7/8/92	12,225	23.84							0.70
Lazard Act 7/8/92	12,225	23.84							0.63
Lazard Act 7/8/92	12,225	23.84							0.56
Lazard Act 7/8/92	12,225	23.84							0.49
Lazard Act 7/8/92	12,225	23.84							0.42
Lazard Act 7/8/92	12,225	23.84							0.35
Lazard Act 7/8/92	12,225	23.84							0.28
Lazard Act 7/8/92	12,225	23.84							0.21
Lazard Act 7/8/92	12,225	23.84							0.14
Lazard Act 7/8/92	12,225	23.84							0.07
Lazard Act 7/8/92	12,225	23.84							0.00
Lazard Act 7/8/92	12,225	23.84							-0.07
Lazard Act 7/8/92	12,225	23.84							-0.14
Lazard Act 7/8/92	12,225	23.84							-0.21
Lazard Act 7/8/92	12,225	23.84							-0.28
Lazard Act 7/8/92	12,225	23.84							-0.35
Lazard Act 7/8/92	12,225	23.84							-0.42
Lazard Act 7/8/92	12,225	23.84							-0.49
Lazard Act 7/8/92	12,225	23.84							-0.56
Lazard Act 7/8/92	12,225	23.84	</						

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For Indices Please See Public Information									
Morgan Grenville Investment Funds Ltd									
20 Victoria Drive, London EC1A 1HT	071-4951-0638								
Asset Class									
Equity	100.00								
Fixed Income	0.00								
Money Market	0.00								
Real Estate	0.00								
Commodity	0.00								
Other	0.00								
Asset Allocation									
Equity	100.00								
Fixed Income	0.00								
Money Market	0.00								
Real Estate	0.00								
Commodity	0.00								
Other	0.00								
Asset Allocation									
Equity	100.00								
Fixed Income	0.00								
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Real Estate	0.00								
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Asset Allocation									

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For Financial Year ended 30 September		For Financial Year ended 30 September		For Financial Year ended 30 September		For Financial Year ended 30 September	
	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10	2008/09
<b>GT Asset Management (Pretoria) Ltd</b>							
GT Emerging Markets Bond	\$11.38	11.92					
GT Jap West & Dividends	85.91		0.00				
		-0.04					
<b>General Portfolio Managers (Pretoria) Ltd</b>							
Strategic Managed	31	51.55	11.55	12.87	-0.81	15.42	
US Dollar Managed	35	61.40	14.00	14.80	-1.50	16.90	
<b>International Company Fund</b>							
Strategic Managed	31	51.55	11.55	12.87	-0.81	15.42	
US Dollar Managed	35	61.40	14.00	14.80	-1.50	16.90	
<b>Strategic</b>							
US Dollar Managed	31	51.55	11.55	12.87	-0.81	15.42	
US Dollar Managed	35	61.40	14.00	14.80	-1.50	16.90	
<b>Outcomes</b>							
US Dollar Managed	31	51.55	11.55	12.87	-0.81	15.42	
US Dollar Managed	35	61.40	14.00	14.80	-1.50	16.90	





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# CANADA

Sales	Stock	High	Low	Close	Day	Sales	Stock	High	Low	Close	Day	Sales	Stock	High	Low	Close	Day
<b>TORONTO</b>																	
4 pm close June 2																	
Quotations in cents unless marked \$																	
8205	Abicht Pl	\$114	145	147		138105	Alco Bay M	\$144	14	14 1/2		327158	Macdonald	\$91	7 1/2	7 1/2	
19827	Agropria	\$111	11 1/2	11 1/2		5700	Emco Int'l	\$105	8 1/2	8 1/2		1354	Mac B	\$105	8 1/2	8 1/2	
825	Alcan	\$104	104	104		1354	Emco Int'l	\$105	8 1/2	8 1/2		88400	Magna Int'l	\$41 1/2	46 1/2	46 1/2	
348525	Albair Int	\$210 1/2	20 1/2	20 1/2		18037	Dominion Tel	\$14 1/4	1 1/4	1 1/4		6520	Imp'l F/Rs	\$11 1/2	13 1/2	13 1/2	
2000	Albair Int	\$210 1/2	15 1/2	15 1/2		11618	Dominion Tel	\$14 1/4	1 1/4	1 1/4		1277	Imp'l F/Rs	\$11 1/2	21 1/2	21 1/2	
100215	Alcan	\$104	24 1/2	24 1/2		40326	Dominion Tel	\$14 1/4	1 1/4	1 1/4		328212	Imp'l F/Rs	\$11 1/2	21 1/2	21 1/2	
833540	Alco Bay M	\$144	27 1/2	27 1/2								10277	Imp'l F/Rs	\$11 1/2	13 1/2	13 1/2	
900	Alco B	\$114	13	13								40326	Imp'l F/Rs	\$11 1/2	13 1/2	13 1/2	
63379	Alco Bay M	\$144	25 1/2	25 1/2								40326	Imp'l F/Rs	\$11 1/2	13 1/2	13 1/2	
81	Alco B	\$114	25 1/2	25 1/2								40326	Imp'l F/Rs	\$11 1/2	13 1/2	13 1/2	
29000	Alco B	\$114	10 1/2	10 1/2								40326	Imp'l F/Rs	\$11 1/2	13 1/2	13 1/2	
825	Alco B	\$114	24 1/2	24 1/2								40326	Imp'l F/Rs	\$11 1/2	13 1/2	13 1/2	
65640	Alco B	\$114	24 1/2	24 1/2								40326	Imp'l F/Rs	\$11 1/2	13 1/2	13 1/2	
13200	Alco B	\$114	11 1/2	11 1/2								40326	Imp'l F/Rs	\$11 1/2	13 1/2	13 1/2	
130010	Alco B	\$114	11 1/2	11 1/2								40326	Imp'l F/Rs	\$11 1/2	13 1/2	13 1/2	
300716	Alco B	\$114	11 1/2	11 1/2								40326	Imp'l F/Rs	\$11 1/2	13 1/2	13 1/2	
233649	Alco B	\$114	11 1/2	11 1/2								40326	Imp'l F/Rs	\$11 1/2	13 1/2	13 1/2	
21100	Alco B	\$114	11 1/2	11 1/2								40326	Imp'l F/Rs	\$11 1/2	13 1/2	13 1/2	
200300	Alco B	\$114	27 1/2	27 1/2								40326	Imp'l F/Rs	\$11 1/2	13 1/2	13 1/2	
7372	Alco B	\$114	20 1/2	20 1/2								40326	Imp'l F/Rs	\$11 1/2	13 1/2	13 1/2	
2272	Alco B	\$114	20 1/2	20 1/2								40326	Imp'l F/Rs	\$11 1/2	13 1/2	13 1/2	
680	Alco B	\$114	27 1/2	27 1/2								40326	Imp'l F/Rs	\$11 1/2	13 1/2	13 1/2	
133000	Alco B	\$114	5 1/2	5 1/2								40326	Imp'l F				

LTV Corp	8,336,200	1/4	-	1/4	New York SE	223,221	206,654	282,403
Bary	4,250,000	5/8	+ 2		Adnan	15,383	18,035	22,113
RJR Nabors	2,816,000	5/4	-		HQ200	64	235,752	277,786
Huron	2,525,000	11/2	-	1/4				
Papillon	2,190,000	35/4	-		NYSE			
Wabash Stores	2,135,400	28 1/4	-		Issue Traded	2,634	2,509	2,516
Philip Morris	2,000,000	51 1/4	-	1/4	Changes	1,204	625	805
Crysler	1,980,000	4/4	-	1/4	Falls	594	1,027	590
IBM	1,940,700	52	-	1/4	Rises	806	657	630
Nest Sarsenford	1,874,400	15 1/4	-	1/4	New Highs	134	92	130
					Low	16	15	14

CANADA TORONTO						
	June	May	May	May	1989	
	1	31	28	27	HIGH	LOW
Milets & Minerals	2907.15	2862.82	2927.55	2944.08	2922.25 (P)	2943.31 (P/T)
CompuTel	3869.80	3882.70	3886.40	3869.70	3882.70 (P/T)	3275.80 (P/T)
MONTREAL Portfolio	1887.85	1908.57	1905.23	1914.53	1915.71 (P/S)	1720.87 (P/T)

Base values of all indices are 100 except NYSE All Countries - 88; Standard and Poor's - 10; and Toronto Composite index - 1000. Toronto indices based 1973. Montreal Portfolio 4/1/83. 7 Excluding bonds & industrial, plus Utilities, Financial and Transportation. (C) Unavailable. (A) The D.J. Ind. Index historical day's highs and lows are the average of the highest and lowest prices reached during the day for each stock. Where the actual day's highs and lows supplied by Telekurs represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous days' P). Subject to official revaluations.

TOKYO - Most Active Stocks Wednesday, June 2, 1993						
	Stocks	Closing Prices	Change on day		Stocks	Closing Prices
NEC Corp	10,811	1080	+30	Nikko Kyoto	4,811	565
Fujitsu	8,211	800	+30	Utsunomiya	4,311	5
Toshiba Chem	8,111	700	+60	Tochima	4,311	735
Ficoh	6,211	787	+14	Nippon Carbon	4,211	800
Mitsui Bussan	4,811	671	-12	Japan M&C	3,711	900

PHILIPPINES						
Manda Corp (P/US)	157.28	1580.28	1588.65	1597.45	1654.29 (P/S)	1270.98 (P/T)
SBS Air-Singapore (P/US)	467.91	(A)	468.48	467.76	468.48 (P/S)	394.10 (P/S)
SOUTH AFRICA						
JSC Gold (P/US)	1659.09	1658.0	(A)	1647.0	1655.00 (P/S)	775.00 (P/T)
JSC Platinum (P/US)	4388.09	4333.0	(A)	4335.0	4645.00 (P/S)	4333.00 (P/S)
SOUTH KOREA**						
Korea Data Co. (P/US)	739.81	751.97	752.31	(A)	739.81 (P/S)	655.93 (P/S)
SPAIN						
Medisa SE (P/US)	258.08	258.56	257.19	258.77	262.56 (P/S)	275.60 (P/T)
SWEDEN						
Alm Invest AB (P/US)	1068.9	1082.5	(A)	1087.9	1068.20 (P/S)	879.18 (P/S)
SWITZERLAND						
Swiss Bank Ltd. (P/US)	1001.5	998.8	(A)	1007.0	1007.10 (P/S)	904.90 (P/T)
SBC Germany (P/US)	776.1	768.9	(A)	772.7	772.70 (P/S)	678.70 (P/T)
TAIWAN						
Weighted Price (P/US)	4302.24	4318.43	4367.80	4356.10	5012.23 (P/S)	3988.43 (P/T)
THAILAND						
Bank of Thailand (P/US)	628.08	618.84	625.71	635.83	698.44 (P/S)	618.84 (P/T)
WORLD						
M.S. Capital Int'l (P/US)	574.1*	574.6	573.1	575.2	575.20 (P/S)	488.68 (P/T)
Euro Top-100 (P/US)	870.01	971.20	973.84	973.21	973.80 (P/S)	602.73 (P/T)

\* Sunday May 29: Taiwan Weighted Price: 4265.37, Korea Comp Ex: 738.75  
\* Subject to official revaluation.  
\* Calculated at 15:00 GMT.  
Base values of all indices are 100 except Nikkei Tokyo, USSE, HSI Hong Kong, NIKKEX, Euro Top-100, S&P Overall and DJIA  
1000, JSE Gold - 257.2, JSE Industrials - 284.3 and Australia All Ordinary and Mining - 550.11 (Closed), (A) Unavailable

\* Current rates are only valid for the country in which they are quoted. Subscription Prices are current as of time of going to press. \*\* 5 month subscription only. Prices are exclusive of VAT in all EC countries except Germany and France, other rates valid 30th June 1993

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4 days close June 2

Continued on next page

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INTERNATIONAL COMPANIES AND FINANCE

# Kaufhof expects sharp increase in earnings for year

By Ariane Genillard in Bonn

PROFITS at Kaufhof, the German retailing group, are expected to rise significantly in spite of the difficult economic climate in Germany, Mr Jens Odewald, chief executive, said yesterday.

The group said that it planned to create 7,000 new jobs by 1995, of which 5,000 would be in Germany. Kaufhof said it would add 75 new businesses to its 1,012 branches by the end of the year. European countries other than Germany account for 20 per cent of the company's sales.

Group sales in the first five months of the year increased by 6.2 per cent to DM8.2bn (\$5.1bn). For the whole of 1992 sales were DM22.5bn.

Results were boosted by sales in eastern Germany which rose in 1992 by 29 per cent. In comparison, sales in the western part of the country increased by 7.8 per cent.

Mr Odewald did not comment on the 1993 dividend but said the company's reserves would be significantly strengthened this year.

Kaufhof plans to pay an unchanged DM12 dividend for 1992.

The company is particularly benefiting from its expansion beyond department stores, where sales fell by 2.2 per cent to DM3.6bn for the first five months. In contrast, sales in its specialty stores, which include computer and home entertainment shops, are booming.

# Boots chief defends strategy as profits rise

By Neil Buckley in London

SIR James Blyth, chief executive of Boots, the UK retailing and pharmaceuticals group, vigorously defended his company's strategy yesterday, as he unveiled an 18.9 per cent increase in pre-tax profits to £405.2m (\$634.4m).

Sir James attempted to quell fears in the City of London that margin growth at Boots the Chemists - the group's best-performing division - was threatened by price competition from rivals, and that profits at its second-biggest division, Boots Pharmaceuticals, could be hit by problems with its Manoplax heart drug.

But his comments and the profit figures, which were in the mid-range of City forecasts, could not stop Boots's share price falling 3p to 444p.

The shares have underperformed the market by almost 25 per cent since January.

"Boots has not stopped being a good company, but there is still a big perceived risk surrounding its strategy," said one analyst yesterday.

Pre-tax profits for the year to March increased to £405.2m from last year's £340.7m - restated according to the FRSS accounting standard - on turnover up 8.2 per cent to £3.96bn.

The profits improvement was due partly to last year's figure being depressed by a £15.8m exceptional provision for a loss on discontinued operations, while this year's profit was boosted by a lower interest charge of £16.5m, against £43.1m last year, reflecting a reduction in debt from £362.3m to £203.8m.

The total dividend increased by 1p to 13.4p, while earnings increased by 17.4 per cent to 27p. Operating profits rose 5.5 per cent to £431.7m, but only two of Boots's four divisions increased their contributions.

Boots Properties, the property management division, raised operating profits 2.5 per cent to £53.1m, while Boots the Chemists raised profits as forecast from £246.2m to £285m.

Lex, Page 20

# Satisfactory solution to Procordia wrangle

Hugh Carnegie on the resolution of the dispute between the government and Volvo

Mr Pehr Gyllenhammar, Volvo's long-serving chairman, was showing something of his old jaunty self-confidence yesterday as he sat wreathed in smiles alongside Mr Carl Bildt, the Swedish Prime Minister, for the announcement that the government and Volvo had finally resolved their wrangle over Procordia, the big food and pharmaceuticals group.

The past 18 months have been tricky for PG, as Mr Gyllenhammar is widely known in Sweden. Volvo, a few years ago one of the world's most profitable vehicle makers, has become bogged down in heavy losses, forcing it to close plants and Mr Bildt's conservative-led government blocked Mr Gyllenhammar's attempt to merge Volvo and Procordia as a way to help Volvo out of its troubles. Finally, in April, PG suffered the indignity of having to disclose his salary and benefits as a result of pressure from small shareholders restive over his autocratic rule of the company.

Now, the Procordia issue at least has turned out more or less as Mr Gyllenhammar originally intended.

In early 1992, Mr Gyllenhammar proposed a merger with Procordia by way of a reverse takeover of Volvo, which at the time held 39.5 per cent of the food and drugs group's equity and 42.7 per cent of its voting rights.

But the government, then with 34.3 per cent of the equity but also with 42.7 per cent of voting rights objected, saying, in effect, that its privatisation plans did not include handing over prime goods at knock-down prices to the country's largest manufacturer.

Mr Gyllenhammar's strategy of building a new conglomerate in which a weakened Volvo



Pehr Gyllenhammar, past 18 months have been tricky

acquired an additional profitable pillar outside the motor industry was thrown into doubt, and was little clarified by a later holding agreement with the government allowing Volvo to remain the largest shareholder in Procordia.

Yesterday's deal, in which Volvo will become the 100 per cent owner of Procordia's food and consumer products business, looks to have put the strategy largely back on track. The wholly-owned chunk of Procordia will add SKr25bn (\$3.48bn) in annual turnover - expanding Volvo's group turnover by about one third. More important, it will contribute about SKr2bn in profits and SKr1bn or more in cash flow to beleaguered Volvo, which showed a SKr331m loss in the first quarter.

On the face of it, Volvo has given up the chance to take over the pharmaceutical side of Procordia, with annual profits of around SKr3bn. But it will almost certainly build up its stake to 35 per cent. Once the government sells off its stake of around 50 per cent, Volvo will be the dominant shareholder.

Volvo will have to stump up both for the 26 per cent of the

food business still publicly held and for any additions to its 25 per cent stake in the drugs side. But, as Mr Gyllenhammar acknowledged yesterday, Volvo in its present weakened state could not have afforded a straight takeover of Procordia.

Questions may well still be asked about the overall strategy of diversifying into Procordia - not least by Renault, Volvo's vehicle-making partner. But Mr Gyllenhammar can at least argue that the direction is once again clear.

"Volvo is going to be a company with two important elements," he said yesterday. "By far the biggest one is to be an industrial partner in one of the biggest automotive combinations in Europe, and the other is to have a non-cyclical business that will be stable and give continuous cash flow to the parent company."

## BELGIUM

The FT proposes to publish this survey on

July 7 1993.

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FT SURVEYS

# German insurer maintains payout

AACHENER und Münchener Beteiligungs, the German insurance group, reports a slight dip in net profits for 1992 but says earnings for this year should be broadly maintained, Reuter reports from Aachen.

The company made a net profit of DM73.2m (\$45.8m) last year, against DM74.1m in 1991. It is paying an unchanged DM12.50 a share dividend for 1992 and plans to hold this rate of payout in the current year.

Mr Wolfgang Kaske, chief executive, told the annual press conference that 1993 would be a year of consolidation, adding AMB was well-equipped to deal with the currently difficult trading conditions.

Last year had been a year of change, marked by the turbulent addition of French state-owned insurer Assurances Générales des France (AGF) to AMB's list of shareholders and the sale of a large stake in its BFG Bank.

Following the recent

sale of a 21 per cent stake in AMB by Italian insurer La Fondiaria to a number of German banks and insurers, the AMB group would have a solid shareholder structure, Mr Kaske said.

He said AGF and AMB would be looking to expand their co-operation in the area of home finance. AMB was currently trying to export the German concept of "save-and-build" to France by means of AGF's distribution network, Mr Kaske added.

# Cap Gemini blames losses on overstaffing

By Alan Cane in Paris

CAP GEMINI SOGETI, the French-based computing services company in which Daimler-Benz of Germany has a 34 per cent stake, yesterday blamed its 1992 losses on the economic situation coupled with management failures to deal early enough with overstaffing and sluggish marketing.

Mr Serge Kampf, chairman, said there had been an appreciable decline in the number of orders produced while across the group there had been delays in cutting staff numbers to match lower levels of revenue.

Cap Gemini lost FF72m (\$14m) last year compared with taxable profits of FF580m in 1991. Revenues grew 18.5 per cent to FF11.9bn but the increase came entirely from acquisitions.

The group is looking for further equity partners, with an emphasis on telecommunications, and Mr Kampf expressed

considerable exasperation over the failure of the French government to indicate whether France Telecom would be allowed to take a stake in the company.

The two companies have been talking for more than a year but complications following Daimler-Benz's acquisition of a 34 per cent stake in Sogeti, the CGS holding company, had delayed a deal. CGS is Europe's leading computer services company and fifth in the world rankings.

Mr Kampf said he now believed that no computing services company could afford to be all things to all clients and that in the future the company would be selective in its choice of activities.

He was gloomy about the prospects for the current year, saying he could see no clear signs of a revival in mainland Europe, although there were brighter indications in the UK where the company owns the computing services group, Hoskyns.

# Czech brewer plans modernisation

By Patrick Blum in Prague

PLZENSKÉ PIVOVAR, the Czech brewer which makes Pilsner Urquell beer, said yesterday that it would shortly announce a strategy for modernisation and marketing along with financing plans.

Mr Mario Junek, chief financial officer, said Plzen had invested heavily to raise production capacity over the past three years to compete with European breweries, but it had

been hit by delays in completing its privatisation, and declining export sales.

Mr Junek firmly denied reports that the company was facing bankruptcy.

"We have made large investments to improve technology and quality. Now we are waiting for a decision on [completing] privatisation."

"We have many possibilities to finance our modernisation. It would be no problem raising money on the international

capital markets," Mr Junek said.

The company was 67 per cent privatised last year in the first wave of voucher privatisation, with the bulk of the shares being taken by investment funds.

Pradroz, the largest of Plzen's four breweries, was not included in the privatisation.

Heineken, the Dutch brewer, has said it is interested in co-operation with the Czech brewer.

This announcement appears as a matter of record only.

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April 1993

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**Subordinated Bonds due 2018**

**Samuel Montagu & Co. Limited**

**Cazenove & Co. Salomon Brothers International Limited**

**MIDLAND GLOBAL MARKETS**

April 1993

**NOTICE TO SHAREHOLDERS PAYMENT OF DIVIDEND**

**TOTAL**

The Annual General Meeting of Shareholders held on 2 June 1993 has set the 1992 dividend at FF 7.00 per share payable as from 14 June 1993.

A tax credit of FF 1.50 will be added to this dividend.

Payment of the dividend, the amount of which will be dependent on the terms of the double tax convention between France and Great Britain, will be settled upon presentation of the coupon and completion of form RP-4 GB.

Residents may lodge this form with the Bank acting as their agent, either in France or in the United Kingdom, at any time up to 31 December of the second year following the collection date of the coupons. As a result of French legislation on the "denaturation" of securities, payment of the coupons will be made through the Paris-based banks with which the securities have been deposited.

The Annual General Meeting has decided to offer each shareholder the option to receive the 1992 dividend either in cash or in shares; the issue price of such shares - carrying dividend and voting rights effective from January 1st, 1993 - has been set at FF 225 per share.

Shareholders opting to receive the dividend in the form of shares will be required to make such election between June 14, 1993, the dividend payment date, and July 9, 1993.

Any shareholder who has not made such election by July 9, shall automatically receive the dividend in cash, payable as of July 30, 1993.

(TOTAL Societe anonyme, Capital Stock: FF 9,500,148,000)

Head Office: Four Total, 24 Cours Michellet - Puteaux - France.

Registered in Nanterre B 542 051 180

**GOLD FIELDS OF SOUTH AFRICA LIMITED**

(Incorporated in the Republic of South Africa) (Registration No. 05/0418/005)

**CONVERTIBLE REDEMABLE CUMULATIVE PREFERENCE SHARES**

**DECLARATION OF DIVIDEND**

Dividend No. 18 of 145 cents per preference share for the six months ending 30 June 1993 has today been declared in South African currency, payable to preference shareholders registered in the books of the company at the close of business on 25 June 1993.

Warrants payable on 28 July 1993 will be posted to preference shareholders on 27 July 1993.

Standard conditions relating to the payment of dividends are obtainable at the share transfer offices and the London Office of the company.

Requests for payment of the dividend in South African currency by members on the United Kingdom register must be received by the company on or before 26 June 1993, in accordance with the above-mentioned conditions.

The register of members will be closed from 28 June to 2 July 1993, inclusive.

By order of the Board  
per pro GOLD FIELDS CORPORATE SERVICES LIMITED  
London Secretaries  
S J Dunning, Secretary

London Office:  
Greenwood House  
Finsbury Street  
London, EC2P 1DH

United Kingdom Registrar:  
Barclays Registrars  
Bovine House  
34 Beckenham Road  
Beckenham  
Kent, BR3 4TU

3 June 1993

A member of the Gold Fields Group

**ESPIRITO SANTO FINANCIAL HOLDING S.A.**

Societe Anonyme  
Luxembourg, 37, rue Notre-Dame  
R.C. Luxembourg n° B 22232

**Notice to the Shareholders**

A dividend of \$US 1.25 per share will be paid against presentation of coupon N° 6.

Ex-dividend date: June 4th, 1993  
Payment: from June 9th, 1993  
Paying Agent: Kredietbank Luxembourg

The Board of Directors

**U.S. \$50,000,000**

**IBM Credit Corporation**

Floating Rate Yen Linked  
Notes due 1996

In accordance with the provisions of the Notes, notice is hereby given, that for the six months interest period from June 4, 1993 to December 6, 1993 the notes will carry an interest rate of 3.9825% per annum. The amount payable on December 6, 1993 against Coupon No. 16 will be U.S. \$183.07 per U.S. \$10,000 principal amount.

By: The Chase Manhattan Bank, N.A.  
London, April 2nd

June 4, 1993

CHASE

**NOTICE OF REDEMPTION**

**Sparbankernas Bank** (Swedish bank)

Japanese Yen 10,000,000,000  
Floating Rate Notes due 1993

NOTICE IS HEREBY GIVEN that pursuant to Condition 8 of the Terms and Conditions of the Notes, Swedish bank will redeem the Notes, based on the closing price of the Nikkei Stock Average 226 on May 21, 1993 being 30,852.35, as follows:

The redemption amount per Note: Yen 83,207,886

The date of Redemption: June 21, 1993

The Japanese Bank of Japan, Limited as Calculation Agent

**BELGIUM**

The FT proposes to publish this survey on July 7 1993.

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**FT SURVEYS**

**Market Myths and Duff Forecasts for 1993**

The US dollar will move higher, precious metals have been demoralised, Japanese equities are all in a new bull trend. You did NOT read that in *FullerMoney*, the international investment letter. Call Jane Ferguson for a sample issue (once only)

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**FREE STATE CONSOLIDATED GOLD MINES LIMITED**  
Registration No. 05/28210/06  
**ORANGE FREE STATE INVESTMENTS LIMITED**  
Registration No. 85/05715/06  
(Both of which are incorporated in the Republic of South Africa)

#### Annual General Meetings

For the benefit of holders of share warrants to bearer issued by the undermentioned companies, notice is hereby given that the annual general meetings of members will be held at 56 Marshall Street, Johannesburg, on Monday, 28 June 1993, at the times stated below:

Name of Company	Time
Orange Free State Investments Limited	09:40
Free State Consolidated Gold Mines Limited (Freegold)	09:50

The business of the meetings will be:

- To receive and consider the annual financial statements of the company (Freegold) and the Group annual financial statements of the company and its subsidiaries for the year ended 31 March 1993.
- To elect directors in accordance with the provisions of the company's articles of association.
- Freegold  
To consider and, if deemed fit, to continue to authorise the directors to allot and issue the unissued ordinary shares in the capital of the company, other than those reserved for purposes of the company's participation in The Anglo American Group Employee Shareholder Scheme, in their discretion in terms of and subject to the provisions of the Companies Act.

Holders of share warrants to bearer who wish to attend in person or by proxy or to vote at the annual general meetings must comply with the regulations of the company under which share warrants to bearer are issued.

Members entitled to attend and vote at the meetings may appoint one or more proxies to attend, speak and, on a poll, vote in their stead. A proxy need not be a member of the company. If required, forms of proxy are available from the registered and London offices of the companies.

By order of the boards  
**ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED**  
Secretaries  
per C R Bull  
Senior divisional secretary

Registered Office  
44 Main Street  
Johannesburg 2001

Johannesburg  
4 June 1993



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## INTERNATIONAL COMPANIES AND FINANCE

# Power Corporation lets its money do the talking

Recent deals give few clues to the group's long-term strategy, say Bernard Simon and Robert Gibbens

**P**OWER Corporation of Canada's annual meeting last month demonstrated once again why the Montreal-based financial services and media group has gained a reputation for speaking softly but wielding a big stick.

Mr Paul Desmarais, chairman and controlling shareholder, gave no hint of Power's business plans, beyond reaffirming the "steady, patient and prudent approach that we always seek to follow".

But he spoke freely about Power's financial muscle, confirming it had access to as much as C\$2.5bn (US\$1.9bn) in cash, and proudly noting the "very strong balance sheets and credit ratings" of its affiliates. Power has no long-term debt, and earned C\$152m in 1992 on consolidated revenues of C\$6.1bn.

Observers are left to guess what long-term strategy, if any, lies behind three recent deals which have cemented Power's foothold in international communications:

● Power has invested \$99m in a 1 per cent stake in Time Warner, the US media and entertainment group. The holding was revealed last week by Seagram, the drinks company which has bought a 5.7 per cent interest in Time Warner. Seagram and Power have several directors in common, but have insisted their purchases took place independently.

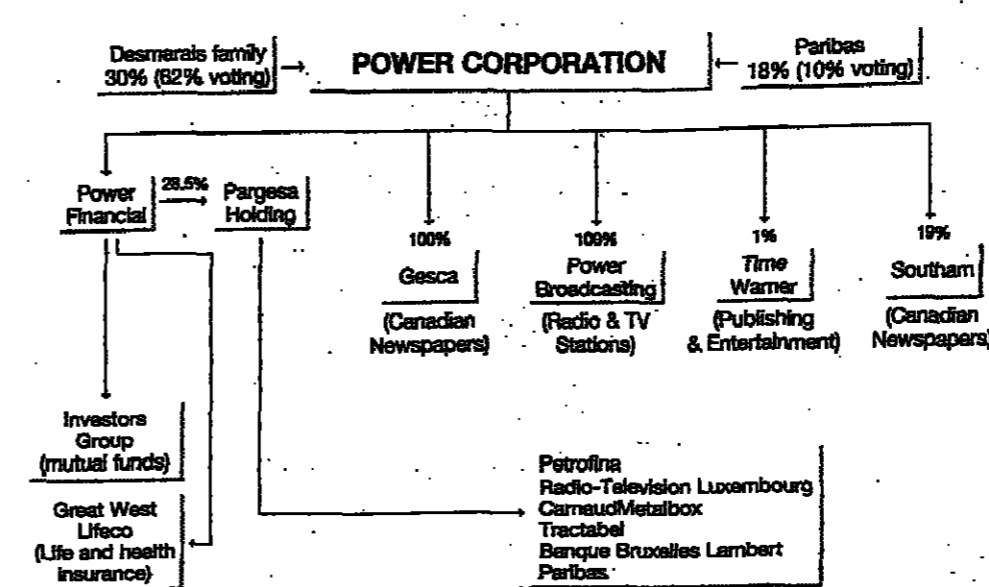
● Two months earlier, Power spent C\$180m on a 19 per cent interest in Southam, Canada's biggest newspaper publisher. It has joint control with Hollinger, the holding company controlled by Mr Conrad Black, proprietor of the UK Telegraph group.

● Power Broadcasting, a wholly-owned subsidiary, has formed a partnership with the Canadian Broadcasting Corporation to provide two channels to DirecTV, the planned US direct-broadcast satellite service nicknamed "Death Star".

All three transactions bear the stamp of Mr Desmarais' son André, who is in charge of Power's communications business. He is widely recognised as the more forceful of the two Desmarais sons who help run Power. André is said to have favoured buying a much bigger stake in Time Warner last year, but to have been restrained by his father.

Beyond his involvement, the common thread between the three deals is not yet clear. Power, which already owns La Presse, Canada's second-biggest French-language daily, has long viewed loss-making Southam as one of North America's worst-managed newspaper publishers.

"I think they'll start by collaborating closely with Hollinger and the Southam board to turn Southam around," says Mr Stephen Jarislowsky, a Hollinger director



who is also president of Jarislowsky Fraser, Canada's biggest pension fund portfolio manager. In the longer run, analysts are speculating that Power, Southam and Hollinger may pool their North American media interests.

The new investments have given Power a more even balance between its stakes in communications and financial services, and between its European and North American interests.

The Desmarais' attention over the past decade has been focused on Pargesa, the Geneva-based investment holding

company, which Power controls jointly with Mr Albert Frère, the Belgian financier.

Pargesa is emerging from an unsettled period, during which it has shed a stake in Henry Ansbacher, the London merchant bank; has been assured of control of Petrofina, the Belgian energy group; and (most recently) has acquired a minority stake in CarmandMetalbox, Europe's biggest metal packaging company. Pargesa has also given Power a window on the European communications business through ownership of Radio-Television Luxembourg, RTL owns 10 radio stations and

six TV channels, beaming into France, Germany and the Benelux countries.

**M**r Paul Desmarais, 66, began his business career by reviving small-town bus operators in Ontario and Quebec. He bought control of Power Corporation in 1988. He has built a reputation as a canny investor, usually buying and selling at the right time. Mr Desmarais has disposed of every one of the shipping, forestry and financial-service companies which Power controlled when he took over 25 years ago.

Stakes in Consolidated-Bathurst (now Stone-Consolidated), the Quebec-based forestry group, and in Montreal Trust, a mid-sized financial services company, were unloaded just before the onset of the last recession.

Mr Desmarais has impeccable business and political connections in and outside Canada. Former prime minister Mr Pierre Trudeau and the present incumbent, Mr Brian Mulroney, have several times used the helicopter pad at the Desmarais summer home at La Malbaie, Quebec.

Nonetheless, Mr Desmarais' advances have been rebuffed on several occasions. During the 1970s, he failed to transform a 10 per cent stake in Argus Corp, one of English Canada's most blue-blooded companies, into anything more significant. Political pressure forced him to back away in the early 1980s from an attempt to gain control of Canadian Pacific, another pillar of the business establishment.

Mr André Desmarais told the annual meeting that Power is restricting its investments to friendly, high-quality targets "where we can participate as shareholders, and where we can work in a constructive way with management". If it remains true to those criteria, Power must at least be considering a bigger stake in Time Warner than that which it now holds.

## CS First Boston completes reorganisation

By Patrick Harverson  
in New York

CS First Boston, the New York-based global investment bank, confirmed it had completed a year-long process of integrating the management of its main business lines into product, rather than geographic, groupings.

The moves are regarded by industry analysts as an attempt by the bank to improve co-ordination between the operations.

Under the new system, Mr Archibald Cox, chief executive of the bank's US operations, will be responsible for CSFB's

equities business; Mr Allen Wheat and Mr Robert Diamond, two senior executives, will take charge of the fixed income business; and Mr Cox and Mr David Mulford, chief executive of the bank's European unit, will be responsible for investment banking.

The task of managing CSFB's administrative, information systems and finance operations has been handed to Mr Ruedi Stalder, chief financial officer.

The management of CSFB was organised around three separate regional units of the bank - the US-based First Boston, the London-based Credit

Suisse First Boston, and the Tokyo-based CS First Boston Pacific.

The integration of the main businesses under product lines follows the wedding of the bank's foreign exchange and derivatives operations into globally-oriented units.

Poor relations among the different units of CSFB are believed to have contributed to the bank's relatively poor recent performance. In 1992, at a time when most Wall Street investment banks and securities houses were posting record profits, CSFB reported a 19 per cent decline in net income to \$175m.

A spokesman for CSFB, which has been hit recently by a series of staff defections amid grumblings over year-end bonuses, denied that the changes represented a significant restructuring of the bank.

He said: "It's not a reorganisation of the firm. It's a global integration of our major business lines."

Although the global integration of CSFB's businesses has not involved a name-change for the organisation, sources at the bank revealed that management had been discussing combining all the different units under one name.

## Senior FedEx executive resigns

By Nikki Tait in New York

MR Tom Oliver, head of worldwide customer operations at Federal Express and the effective "number two" executive at the nation's largest overnight delivery company, has resigned.

Mr Oliver said he was taking up the post of chief executive and president of VoiceCom Systems, a San Francisco-based voice processing services provider.

Also leaving Memphis-based Federal Express is Ms Carole Presley, senior vice-president for marketing and corporate communications. She will remain a consultant to FedEx but will start her own consulting business in Florida.

Federal Express has suffered problems in its international division and was forced to restructure from an ambitious European expansion plan last year. Since then, losses on the international front have been

diminishing, although competition has put pressure on domestic earnings.

Mr Oliver, 52, who had headed the international business, became executive vice-president of worldwide customer operations in 1991. He oversaw much of the European restructuring. FedEx said Mr Oliver would be replaced by Mr William Razouk, currently senior vice-president of sales and customer service.

## Canada's Magna records 46% rise

**M**AGNA International, the biggest independent Canadian car parts producer, recorded a 46 per cent jump in third-quarter profit, writes Robert Gibbens in Montreal. The group added that it would be debt-free by July 31. Net profit was C\$44.4m (US\$34.9m), or C\$1 a share, against C\$30.5m, or 88 cents, a year earlier. Revenues advanced 13 per cent to C\$742m.

## MOTOR INDUSTRY SURVEYS

The FT proposes to publish the following Motor Industry Surveys

28 June 1993  
World Automotive Suppliers

3 July 1993  
Second Cars

15 September 1993  
The Car Industry

3 November 1993  
Commercial Vehicle Industry

For further information please contact:

Richard Willis 071-873 3606

**FT SURVEYS**

### NOTICE OF MEETING OF THE HOLDERS OF UNIGESCO INC.

7% Convertible Debentures due June 16, 1997

NOTICE IS HEREBY GIVEN that a meeting (the "Meeting") of the holders (the "Debtentureholders") of issued and outstanding 7% Convertible Debentures due June 16, 1997 (the "Debentures") of Unigesco Inc. (the "Company") issued pursuant to a Trust Indenture between the Company and General Trust of Canada (the "Trustee") dated as of June 16, 1987 (the "Trust Indenture") will be held in the Conference Center, 1250 René-Lévesque Blvd. West, Montreal, Quebec, on Tuesday, June 15, 1993 at the hour of ten o'clock in the forenoon (Montreal time), for the following purposes:

- to consider and, if thought fit, to pass, with or without variation, an Extraordinary Resolution (the full text of which is set out in Schedule A to the Information Circular which may be examined during ordinary business hours at the head office of the Trustee, at the office of the Principal Paying Agent or at the office of any of the Paying Agents referred to below (the "Information Circular") providing, *inter alia*, for the approval of modifications to the Trust Indenture as follows:
  - that the Debentures shall mature on a new maturity date (the "New Maturity Date") being the earlier of October 29, 1993 or 15 days following the consummation of a refinancing in the United States in form and substance substantially as outlined in the Information Circular and that, on the New Maturity Date, payment on account of principal shall be made in an amount equal to 118.75% of the principal amount of the Debentures;
  - that, from June 16, 1993 to the New Maturity Date, interest on the Debentures shall be calculated at the rate currently provided on the Debentures and accrue on an amount equal to 118.75% of the principal amount thereof and that such interest shall be paid on the New Maturity Date; and
  - that the covenant contained in Section 5.11 of the Trust Indenture shall be deleted;
- to transact such other business as may properly come before the meeting and any adjournment or adjournments thereof.

Pursuant to the provisions of the Trust Indenture, the Trustee has made regulations for the purpose of enabling the Debentureholders to be present and vote at the meeting and at any adjournment thereof without producing their Debentures and of enabling them to be represented and vote at such meeting by proxy and of lodging such proxies at some place other than the place where the meeting is to be held. Copies of the regulations made under the Trust Indenture, the certificates of deposit, deposit receipts and proxies may be obtained by Debentureholders upon application to the Trustee, General Trust of Canada, at its head office, 1100 University, Corporate Trust Department, 8th Floor, Montreal, Province of Quebec, H3B 2G7 or to the Principal Paying Agent, Banque Paribas Luxembourg, 10A Boulevard Royal, Luxembourg-Ville, Luxembourg or to any of the following Paying Agents: Kredietbank N.V., Arenbergstraat 7, B-1000 Brussels, Kredietbank N.V., 40 Basinghall Street, London EC2V 5DE, Banque Paribas, 3 rue d'Antin, 75002 Paris, Swiss Bank Corporation, Aeschenvorstadt 1, CH-4002 Basle, or National Bank of Canada, 600 de la Gauchetière Street West, Suite 400 (Att: the Secretary), Montreal, Quebec, H3B 4L2. Copies of the Trust Indenture, Extraordinary Resolution and the Information Circular may be examined during ordinary business hours at the head office of the Trustee, at the office of the Principal Paying Agent or at the offices of any of the Paying Agents referred to above. This Notice of Meeting is being given by the Trustee, General Trust of Canada, at the request of Unigesco Inc. The publication of the Notice has been arranged by the Principal Paying Agent.

DATED at Montreal, Quebec, this 21st day of May, 1993.

GENERAL TRUST OF CANADA, Trustee.

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Member of The SFA & The London Stock Exchange

May 1993

## Success of corporate strategy

### 1992/1993 HIGHLIGHTS

- Benefits of strategic change evident in results
- Improved Shipping, Storage and Engineering profits
- Strongest balance sheet for over ten years
- Continuing development in activities with growth potential

"We have reason to look ahead with confidence to an improving earnings stream."

David Hubbard

Results	1993	1992
Profit before exceptional items and tax *	£28.6m	£23.9m
Profit before tax *	£21.6m	£35.3m
Earnings per share *	18.6p	36.9p
Earnings per share - "normalised"	28.8p	20.2p
Dividends per share, net	22.6p	22.6p

\*FRS 3 basis



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# Nissan invests in Chinese truck plant

By Tony Walker in Beijing

NISSAN, the Japanese vehicle maker, is to set up a mini-truck plant in Zhengzhou, capital of central China's Henan province - the company's first direct investment in the fast-growing China auto market.

Nissan has signed a contract with Zhengzhou Light Truck Factory to produce 30,000 one-ton pick-up trucks by 1997. The project includes an auto chassis manufacturing plant, a body shop and a brake system manufacturing plant.

"What had prevented us from coming earlier," said Mr Shigeno, Nissan's Beijing manager, "was the limited market size in China and its different economic system. Compared to the Europeans and the Americans, we were inexperienced in dealing with communist countries such as China."

The first trucks are planned to roll off the assembly line in early 1994.

Nissan's investment in China contrasts with European, American and some minor Japanese auto makers. Volkswagen of Germany, Peugeot and Citroën of France, Chrysler and General Motors of the US have all set up car, mini-bus or truck assembly plants in China. Japan's Daihatsu and Suzuki have licensed mini-cars to plants in Tianjin and Chongqing.

"This year, things are different: American and European markets are saturated, Japan's domestic market slumped. But China's demand keeps growing. This is what drew us here," said Mr Shigeno.

Nissan's biggest concern is over China's market size. "You need a market that could consume 3m units to make a profit, or it's not worth it," said Mr Shigeno.

Last year, China produced 1.08m motor vehicles including 250,000 cars, 100,000 more than the previous year. China imports 100,000 cars a year.

China's gross national product growth rate exceeded 12 per cent last year and in the first quarter this year it topped 14 per cent.

China is Asia's second largest auto market after Japan.

# Regulators struggle to control a wild market

William Barnes reports on Thailand's attempts to enforce rules on its stock exchange

Moves by the Stock Exchange of Thailand to introduce more rigorous rules for disclosure of information by listed companies are being criticised by stockbrokers as clumsy and unrealistic.

The exchange sent an awkwardly-worded 17-page document to listed companies requiring that all significant information be "disclosed to general investors, and not to a specific group of people".

It did not consult them in advance, and it did not send copies of the new rules to stockbroking firms.

Although the thrust of rules appeared uncontroversial, requiring timely release of important information and barring companies from passing privileged information, some brokers said they were a triumph of form over substance in a market where many company controllers still believed they could do what they wished.

Brokers are upset by private hints from listed companies that they may be forced to be less forthcoming under the new regime, and that therefore it was likely to do little to lessen insider trading. The frustration of international brokers was all the greater because of the absence of official English language copies of the rules.

Mr Peter Schiefelbein, chief representative for Standard Chartered Securities Asia, said: "The regulators have tried very hard but they lack the experience of western authorities who pursue the principle but realise the practical. It is bad to make rules that cannot or will not be enforced."

"The speed they are going and the extent to which they are adopting unrealistic approaches is a little bit worrying. It is not easy to turn back."

many still think 'until I'm caught it's not illegal'. He said rules about timely release of important corporate information without either definition or legal precedent were "just a joke".

Stock exchange officials said they were mystified by suggestions that analysts would have reduced access to information.

Mr Chaipat Sahasakul, senior vice-president said the exchange "has a policy of full disclosure. Our intention is

market the most important thing is for a company to be able to raise money through equities without resorting to debt. I think the Thai market could have handled being a cowboy one for a few more years," he said.

However, Mr Francis Middlehurst, head of research for Crosby Research (Thailand), was more generous. "Considering the market was regularly ramped and manipulated by some extraordinarily powerful and well-connected people I think (the SEC) got a good result. If the exchange has also found it difficult to write insider trading rules then I'm not surprised - it's very difficult. It is part of the maturing process."

The Thai market has grown in the past five years. The number of listed companies has risen to 323 this month from 141 at the end of 1988, with market capitalisation climbing to nearly \$60bn from \$9bn in 1988. But the prevalence of unusual price movements was underlined recently when a number of shares showed unusual life shortly before first-quarter results.

However, analysts believe that once testing troubles have been overcome, Thailand's cleaner stock market will become a more attractive destination for investment.

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'The regulators have tried very hard but they lack the experience of western authorities who pursue the principle but realise the practical. It is bad to make rules that cannot or will not be enforced'

how do you relax disclosure rules? - yet it would be a tragedy if they end up with the stifling Singaporean situation."

Mr George Morgan, country manager for HG Asia Investment Research, said: "It's bizarre. It will make it harder for people who are not insiders to get information about a company. Foreign investors who already have doubts about quality of information will not be impressed."

Mr Russell Kopp, a senior analyst at Baring Research, said: "The regulators have to move a little slower. Grand concepts are fine but the reality is this market has been pretty wild for a very long time

that companies give out more, not less. We just want to make sure they use price sensitive information in a proper manner". The controversy followed another attempt by the Thai authorities to crack down on stock-market irregularities, when the Securities and Exchange Commission asked in April for the prosecution of 30 investors suspected of rigging share prices.

Hardly had the investors had a chance to contemplate the biggest legal action in the market's history when the names of 123 more suspects were leaked to the local press.

Police investigations into 30 cases continued, and prosecu-

cess for the commission. The naming of the 30 people was the culmination of seven months of action against four groups suspected of being big-time share manipulators.

Mr Ekkamol Kiriwat, the commission's secretary-general said tough action had been inevitable. "We were in a dilemma: everybody knew the market was being manipulated - it was discussed openly in the newspapers. You cannot have a perfect level playing field but it must be respectable or how can we ask anyone to invest?"

Mr Schiefelbein said the authorities may have been too ambitious. "In an emerging

market the most important thing is for a company to be able to raise money through equities without resorting to debt. I think the Thai market could have handled being a cowboy one for a few more years," he said.

However, Mr Francis Middlehurst, head of research for Crosby Research (Thailand), was more generous. "Considering the market was regularly ramped and manipulated by some extraordinarily powerful and well-connected people I think (the SEC) got a good result. If the exchange has also found it difficult to write insider trading rules then I'm not surprised - it's very difficult. It is part of the maturing process."

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However, analysts believe that once testing troubles have been overcome, Thailand's cleaner stock market will become a more attractive destination for investment.

# NZ plans tougher disclosure rules

By Terry Hall in Wellington

THE Reserve Bank of New Zealand plans to introduce tough disclosure requirements on registered banks.

Mr Don Brash, Reserve Bank governor, announcing proposed changes, said they were designed to strengthen disclosure requirements and shift the emphasis towards more market scrutiny of the banking sector through greater public disclosure.

They were intended to move the central bank away from more direct supervision of the trading - or clearing - banks towards a monitoring role and enforcing the disclosure requirements.

The Reserve Bank is proposing that the banks should dis-

close their financial positions every three months and they should provide full audited disclosures every six months.

This would be to ensure that both the bank and the public were aware of any changes in their security ratios.

Each bank would be required to display its credit rating in its retail branches.

The minimum capital adequacy requirements under the Basle Agreement would be retained and possibly raised, though risk weightings of certain asset classes could be relaxed or abolished, Mr Brash said. The central bank wanted to avoid any suggestion that either it, or the government, was underwriting individual banks or their liabilities

through the new regime.

Mr Brash said he expected that the revised requirements would become law by the middle of next year after further consultations with the banks.

The Reserve Bank had a responsibility to promote public confidence in the banking system by ensuring adequate financial disclosure, outlining audit requirements and enhancing the role of credit ratings.

He added that the supervisory role of the central bank was limited because all but two of New Zealand's 21 banks were foreign-owned.

"Given high foreign ownership in New Zealand, no system of banking supervision in New Zealand will make a huge difference to the risk of bank failure," Mr Brash said.

# Singapore group buys Wellington tower block

By Terry Hall

HOTEL Grand Central, the Singapore-based group, yesterday announced the purchase of one of Wellington's largest building complexes as it continues to buy "bargain priced buildings" in both Australia and New Zealand.

The company has spent NZ\$27.3m (US\$15.1m) in buying three New Zealand buildings in recent weeks, all well below official valuation estimates. After announcing the purchase of Wellington's landmark Pimlico City Centre for NZ\$15.75m, the company immediately announced plans to spend NZ\$8m upgrading the 31-

storey tower block which was the tallest in the country until 1986.

In 1985, the complex was valued at NZ\$85m, and the receiver, acting on behalf of the Bank of New Zealand, turned down an offer of NZ\$45m for it in 1980. It includes a 22-storey tower, a hotel and a car park building. Only two floors of the office tower are occupied.

Hotel Grand Central owns hotels in Singapore and Malaysia and other office blocks in north Sydney.

Last week, Hotel Grand Central announced the purchase of the 10-storey DB Towers Building in Auckland for NZ\$7.1m.

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Notice is hereby given that the Rate of Interest for the period June 3, 1993 to December 3, 1993 has been fixed at 7.5%, and that the interest payable on the relevant Interest Payment Date, December 3, 1993 against Coupon No. 1 in respect of US\$10,000,000 nominal of the Notes will be US\$381.25 and in respect of US\$100,000,000 nominal of the Notes will be US\$3,812.50 and in respect of US\$20,000,000 nominal of the Notes will be US\$762.50.  
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40 year	107.00	40 year	107.00
50 year	107.00	50 year	107.00
60 year	107.00	60 year	107.00
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80 year	107.00	80 year	107.00
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Notice is hereby given that for the interest period 1 June 1993 to 1 September 1993 the notes will bear interest at 15.1875% per annum.

Interest payable on 1 September 1993 will amount to FF79,406.25 per FF500,000 denomination.

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## N Ireland Electricity valued at £362m

**By David Lascelles**  
**Resources Editor**

















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St. Joseph's Place NY Group Ltd (120000)									
150 St Vincent St, Albany									
	52	53	54	55	56	57	58	59	60
For First Inc	1,400	1,461	1,501	1,541	1,581	1,621	1,661	1,701	1,741
For Second Inc	1,400	1,461	1,501	1,541	1,581	1,621	1,661	1,701	1,741
For Third Inc	1,400	1,461	1,501	1,541	1,581	1,621	1,661	1,701	1,741
For Fourth Inc	1,400	1,461	1,501	1,541	1,581	1,621	1,661	1,701	1,741
For Fifth Inc	1,400	1,461	1,501	1,541	1,581	1,621	1,661	1,701	1,741
For Sixth Inc	1,400	1,461	1,501	1,541	1,581	1,621	1,661	1,701	1,741
For Seventh Inc	1,400	1,461	1,501	1,541	1,581	1,621	1,661	1,701	1,741
For Eighth Inc	1,400	1,461	1,501	1,541	1,581	1,621	1,661	1,701	1,741
For Ninth Inc	1,400	1,461	1,501	1,541	1,581	1,621	1,661	1,701	1,741
For Tenth Inc	1,400	1,461	1,501	1,541	1,581	1,621	1,661	1,701	1,741
For Eleventh Inc	1,400	1,461	1,501	1,541	1,581	1,621	1,661	1,701	1,741
For Twelfth Inc	1,400	1,461	1,501	1,541	1,581	1,621	1,661	1,701	1,741
For Thirteenth Inc	1,400	1,461	1,501	1,541	1,581	1,621	1,661	1,701	1,741
For Fourteenth Inc	1,400	1,461	1,501	1,541	1,581	1,621	1,661	1,701	1,741
For Fifteenth Inc	1,400	1,461	1,501	1,541	1,581	1,621	1,661	1,701	1,741
For Sixteenth Inc	1,400	1,461	1,501	1,541	1,581	1,621	1,661	1,701	1,741
For Seventeenth Inc	1,400	1,461	1,501	1,541	1,581	1,621	1,661	1,701	1,741
For Eighteenth Inc	1,400	1,461	1,501	1,541	1,581	1,621	1,661	1,701	1,741
For Nineteenth Inc	1,400	1,461	1,501	1,541	1,581	1,621	1,661	1,701	1,741
For Twentieth Inc	1,400	1,461	1,501	1,541	1,581	1,621	1,661	1,701	1,741
For Twenty-first Inc	1,400	1,461	1,501	1,541	1,581	1,621	1,661	1,701	1,741
For Twenty-second Inc	1,400	1,461	1,501	1,541	1,581	1,621	1,661	1,701	1,741
For Twenty-third Inc	1,400	1,461	1,501	1,541	1,581	1,621	1,661	1,701	1,741
For Twenty-fourth Inc	1,400	1,461	1,501	1,541	1,581	1,621	1,661	1,701	1,741
For Twenty-fifth Inc	1,400	1,461	1,501	1,541	1,581	1,621	1,661	1,701	1,741
For Twenty-sixth Inc	1,400	1,461	1,501	1,541	1,581	1,621	1,661	1,701	1,741
For Twenty-seventh Inc	1,400	1,461	1,501	1,541	1,581	1,621	1,661	1,701	1,741
For Twenty-eighth Inc	1,400	1,461	1,501	1,541	1,581	1,621	1,661	1,701	1,741
For Twenty-ninth Inc	1,400	1,461	1,501	1,541	1,581	1,621	1,661	1,701	1,741
For Thirtieth Inc	1,400	1,461	1,501	1,541	1,581	1,621	1,661	1,701	1,741
For Thirty-first Inc	1,400	1,461	1,501	1,541	1,581	1,621	1,661	1,701	1,741
For Thirty-second Inc	1,400	1,461	1,501	1,541	1,581	1,621	1,661	1,701	1,741
For Thirty-third Inc	1,400	1,461	1,501	1,541	1,581	1,621	1,661	1,701	1,741
For Thirty-fourth Inc	1,400	1,461	1,501	1,541	1,581	1,621	1,661	1,701	1,741

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Company	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404</
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1. *Journal of Management Studies*, 1997, 34, 1, 1-14.

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Prudential Equity	75.53	77.02	37	-0.19	4.88	UK Spd	175.7	175.1	14
Prudential Equity	75.53	77.02	37	-0.19	4.88	UK Spd	175.7	175.1	14

Prudential Ind Gen Co	8	198.23	198.23	17.57	14.08	32.65	93.54	95.75	10
Prudential Japanese	6	207.14	207.14	72.51	42.36	30.15	93.54	95.75	10
Prudential							103.54	105.75	

Prudential	Stn Cos	6	81.17	81.17	88.97	-0.18	1.30
Prudential	Spec Sins	8	98.81	98.81	103.54	-0.17	1.99
Prudential	Life	8			103.54	-0.41	2.35

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PRC Income	192.05	644.18	586.15	2.75	12.78
PRC Total	384.10	1288.36	1172.30	5.50	25.56

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Small Car	5	153.2	159.0	16
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1. The first step is to identify the problem or question that needs to be answered. This involves understanding the context and the specific requirements of the task.

27

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Company Name	Share Price	Dividend	Yield	Market Cap
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Atlantic Life Insurance Co	1.25	0.00	0.00	100M
Avon Life Insurance Co	1.25	0.00	0.00	100M
Barclays Bank PLC	1.25	0.00	0.00	100M
Bank of America Corp	1.25	0.00	0.00	100M
Bank of England PLC	1.25	0.00	0.00	100M
Bank of Ireland PLC	1.25	0.00	0.00	100M
Bank of Scotland PLC	1.25	0.00	0.00	100M
Bank of Wales PLC	1.25	0.00	0.00	100M
Bank of Yorkshire PLC	1.25	0.00	0.00	100M
Bank of London PLC	1.25	0.00	0.00	100M
Bank of Montreal PLC	1.25	0.00	0.00	100M
Bank of Nova Scotia PLC	1.25	0.00	0.00	100M
Bank of St. James PLC	1.25	0.00	0.00	100M
Bank of Victoria PLC	1.25	0.00	0.00	100M
Bank of Western Australia PLC	1.25	0.00	0.00	100M
Bank of New Zealand PLC	1.25	0.00	0.00	100M
Bank of South Africa PLC	1.25	0.00	0.00	100M
Bank of Ceylon PLC	1.25	0.00	0.00	100M
Bank of India PLC	1.25	0.00	0.00	100M
Bank of China PLC	1.25	0.00	0.00	100M
Bank of Japan PLC	1.25	0.00	0.00	100M
Bank of Korea PLC	1.25	0.00	0.00	100M
Bank of Taiwan PLC	1.25	0.00	0.00	100M
Bank of Hong Kong PLC	1.25	0.00	0.00	100M
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Bank of Beijing PLC	1.25	0.00	0.00	100M
Bank of Tianjin PLC	1.25	0.00	0.00	100M
Bank of Jinan PLC	1.25	0.00	0.00	100M
Bank of Shandong PLC	1.25	0.00	0.00	100M
Bank of Henan PLC	1.25	0.00	0.00	100M
Bank of Hubei PLC	1.25	0.00	0.00	100M
Bank of Hunan PLC	1.25	0.00	0.00	100M
Bank of Anhui PLC	1.25	0.00	0.00	100M
Bank of Jiangsu PLC	1.25	0.00	0.00	100M
Bank of Zhejiang PLC	1.25	0.00	0.00	100M
Bank of Fujian PLC	1.25	0.00	0.00	100M
Bank of Guangdong PLC	1.25	0.00	0.00	100M
Bank of Guangxi PLC	1.25	0.00	0.00	100M
Bank of Yunnan PLC	1.25	0.00	0.00	100M
Bank of Sichuan PLC	1.25	0.00	0.00	100M
Bank of Chongqing PLC	1.25	0.00	0.00	100M
Bank of Shaanxi PLC	1.25	0.00	0.00	100M
Bank of Shanxi PLC	1.25	0.00	0.00	100M
Bank of Gansu PLC	1.25	0.00	0.00	100M
Bank of Ningxia PLC	1.25	0.00	0.00	100M
Bank of Qinghai PLC	1.25	0.00	0.00	100M
Bank of Tibet PLC	1.25	0.00	0.00	100M
Bank of Inner Mongolia PLC	1.25	0.00	0.00	100M
Bank of Xinjiang PLC	1.25	0.00	0.00	100M
Bank of Hainan PLC	1.25	0.00	0.00	100M
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Bank of Guangdong PLC	1.25	0.00	0.00	100M
Bank of Guangxi PLC	1.25	0.00	0.00	100M
Bank of Yunnan PLC	1.25	0.00	0.00	100M
Bank of Sichuan PLC	1.25	0.00	0.00	100M
Bank of Chongqing PLC	1.25	0.00	0.00	100M
Bank of Shaanxi PLC	1.25	0.00	0.00	100M
Bank of Shanxi PLC	1.25	0.00	0.00	100M
Bank of Gansu PLC	1.25	0.00	0.00	100M
Bank of Ningxia PLC	1.25	0.00	0.00	100M
Bank of Qinghai PLC	1.25	0.00	0.00	100M
Bank of Tibet PLC	1.25	0.00	0.00	100M
Bank of Inner Mongolia PLC	1.25	0.00	0.00	100M
Bank of Xinjiang PLC	1.25	0.		

[illegible][illegible][illegible]

**FT MANAGED FUNDS SERVICE**

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

[illegible]





## NEW YORK STOCK EXCHANGE COMPOSITE PRICES

42

4 pm close June 3

High	Low	Open	Close	Volume	High	Low	Open	Close	Volume
100	99.5	100.0	99.5	100	100	99.5	100.0	99.5	100
101	100.5	101.0	100.5	101	101	100.5	101.0	100.5	101
102	101.5	102.0	101.5	102	102	101.5	102.0	101.5	102
103	102.5	103.0	102.5	103	103	102.5	103.0	102.5	103
104	103.5	104.0	103.5	104	104	103.5	104.0	103.5	104
105	104.5	105.0	104.5	105	105	104.5	105.0	104.5	105
106	105.5	106.0	105.5	106	106	105.5	106.0	105.5	106
107	106.5	107.0	106.5	107	107	106.5	107.0	106.5	107
108	107.5	108.0	107.5	108	108	107.5	108.0	107.5	108
109	108.5	109.0	108.5	109	109	108.5	109.0	108.5	109
110	109.5	110.0	109.5	110	110	109.5	110.0	109.5	110
111	110.5	111.0	110.5	111	111	110.5	111.0	110.5	111
112	111.5	112.0	111.5	112	112	111.5	112.0	111.5	112
113	112.5	113.0	112.5	113	113	112.5	113.0	112.5	113
114	113.5	114.0	113.5	114	114	113.5	114.0	113.5	114
115	114.5	115.0	114.5	115	115	114.5	115.0	114.5	115
116	115.5	116.0	115.5	116	116	115.5	116.0	115.5	116
117	116.5	117.0	116.5	117	117	116.5	117.0	116.5	117
118	117.5	118.0	117.5	118	118	117.5	118.0	117.5	118
119	118.5	119.0	118.5	119	119	118.5	119.0	118.5	119
120	119.5	120.0	119.5	120	120	119.5	120.0	119.5	120
121	120.5	121.0	120.5	121	121	120.5	121.0	120.5	121
122	121.5	122.0	121.5	122	122	121.5	122.0	121.5	122
123	122.5	123.0	122.5	123	123	122.5	123.0	122.5	123
124	123.5	124.0	123.5	124	124	123.5	124.0	123.5	124
125	124.5	125.0	124.5	125	125	124.5	125.0	124.5	125
126	125.5	126.0	125.5	126	126	125.5	126.0	125.5	126
127	126.5	127.0	126.5	127	127	126.5	127.0	126.5	127
128	127.5	128.0	127.5	128	128	127.5	128.0	127.5	128
129	128.5	129.0	128.5	129	129	128.5	129.0	128.5	129
130	129.5	130.0	129.5	130	130	129.5	130.0	129.5	130
131	130.5	131.0	130.5	131	131	130.5	131.0	130.5	131
132	131.5	132.0	131.5	132	132	131.5	132.0	131.5	132
133	132.5	133.0	132.5	133	133	132.5	133.0	132.5	133
134	133.5	134.0	133.5	134	134	133.5	134.0	133.5	134
135	134.5	135.0	134.5	135	135	134.5	135.0	134.5	135
136	135.5	136.0	135.5	136	136	135.5	136.0	135.5	136
137	136.5	137.0	136.5	137	137	136.5	137.0	136.5	137
138	137.5	138.0	137.5	138	138	137.5	138.0	137.5	138
139	138.5	139.0	138.5	139	139	138.5	139.0	138.5	139
140	139.5	140.0	139.5	140	140	139.5	140.0	139.5	140
141	140.5	141.0	140.5	141	141	140.5	141.0	140.5	141
142	141.5	142.0	141.5	142	142	141.5	142.0	141.5	142
143	142.5	143.0	142.5	143	143	142.5	143.0	142.5	143
144	143.5	144.0	143.5	144	144	143.5	144.0	143.5	144
145	144.5	145.0	144.5	145	145	144.5	145.0	144.5	145
146	145.5	146.0	145.5	146	146	145.5	146.0	145.5	146
147	146.5	147.0	146.5	147	147	146.5	147.0	146.5	147
148	147.5	148.0	147.5	148	148	147.5	148.0	147.5	148
149	148.5	149.0	148.5	149	149	148.5	149.0	148.5	149
150	149.5	150.0	149.5	150	150	149.5	150.0	149.5	150
151	150.5	151.0	150.5	151	151	150.5	151.0	150.5	151
152	151.5	152.0	151.5	152	152	151.5	152.0	151.5	152
153	152.5	153.0	152.5	153	153	152.5	153.0	152.5	153
154	153.5	154.0	153.5	154	154	153.5	154.0	153.5	154
155	154.5	155.0	154.5	155	155	154.5	155.0	154.5	155
156	155.5	156.0	155.5	156	156	155.5	156.0	155.5	156
157	156.5	157.0	156.5	157	157	156.5	157.0	156.5	157
158	157.5	158.0	157.5	158	158	157.5	158.0	157.5	158
159	158.5	159.0	158.5	159	159	158.5	159.0	158.5	159
160	159.5	160.0	159.5	160	160	159.5	160.0	159.5	160
161	160.5	161.0	160.5	161	161	160.5	161.0	160.5	161
162	161.5	162.0	161.5	162	162	161.5	162.0	161.5	162
163	162.5	163.0	162.5	163	163	162.5	163.0	162.5	163
164	163.5	164.0	163.5	164	164	163.5	164.0	163.5	164
165	164.5	165.0	164.5	165	165	164.5	165.0	164.5	165
166	165.5	166.0	165.5	166	166	165.5	166.0	165.5	166
167	166.5	167.0	166.5	167	167	166.5	167.0	166.5	167
168	167.5	168.0	167.5	168	168	167.5	168.0	167.5	168
169	168.5	169.0	168.5	169	169	168.5	169.0	168.5	169
170	169.5	170.0	169.5	170	170	169.5	170.0	169.5	170
171	170.5	171.0	170.5	171	171	170.5	171.0	170.5	171
172	171.5	172.0	171.5	172	172	171.5	172.0	171.5	172
173	172.5	173.0	172.5	173	173	172.5	173.0	172.5	173
174	173.5	174.0	173.5	174	174	173.5	174.0	173.5	174
175	174.5	175.0	174.5	175	175	174.5	175.0	174.5	175
176	175.5	176.0	175.5	176	176	175.5	176.0	175.5	176
177	176.5	177.0	176.5	177	177	176.5	177.0	176.5	177
178	177.5	178.0	177.5	178	178	177.5	178.0	177.5	178
179	178.5	179.0	178.5	179	179	178.5	179.0	178.5	179
180	179.5	180.0	179.5	180	180	179.5	180.0	179.5	180
181	180.5	181.0	180.5	181	181	180.5	181.0	180.5	181
182	181.5	182.0	181.5	182	182	181.5	182.0	181.5	182
183	182.5	183.0	182.5	183	183	182.5	183.0	182.5	183
184	183.5	184.0	183.5	184	184	183.5	184.0	183.5	184
185	184.5	185.0	184.5	185	185	184.5	185.0	184.5	185
186	185.5	186.0	185.5	186	186	185.5	186.0	185.5	186
187	186.5	187.0	186.5	187	187	186.5	187.0	186.5	187
188	187.5	188.0	187.5	188	188	187.5	188.0	187.5	188
189	188.5	189.0	188.5	189	189	188.5	189.0	188.5	189
190	189.5	190.0	189.5	190	190	189.5	190.0	189.5	190
191	190.5	191.0	190.5	191	191	190.5	191.0	190.5	191
192	191.5	192.0	191.5	192	192	191.5	192.0	191.5	192
193	192.5	193.0	192.5	193	193	192.5	193.0	192.5	193
194	193.5	194.0	193.5	194	194	193.5	194.0	193.5	194
195	194.5	195.0	194.5	195	195	194.5	195.0	194.5	195
196	195.5	196.0	195.5	196	196	195.5	196.0	195.5	196
197	196.5	197.0	196.5	197	197	196.5	197.0	196.5	197
198	197.5	198.0	197.5	198	198	197.5	198.0	197.5	198
199	198.5	199.0	198.5	199	199	198.5	199.0	198.5	199
200	199.5	200.0	199.5	200	200	199.5	200.0	199.5	200

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